

NATION'S BUSINESS

*Extra
Edition*



*June 5
1926*

Self-Government in Business

Discussed by

HERBERT HOOVER	GOVERNOR RITCHIE
JOHN W. O'LEARY	JULIUS H. BARNES
ROBERT JEMISON, JR.	WALTER BARNUM

Local Taxation

Discussed by

OGDEN L. MILLS	WILLIAM FORTUNE
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European Affairs

Discussed by

SIR JOSIAH STAMP	OWEN D. YOUNG
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And

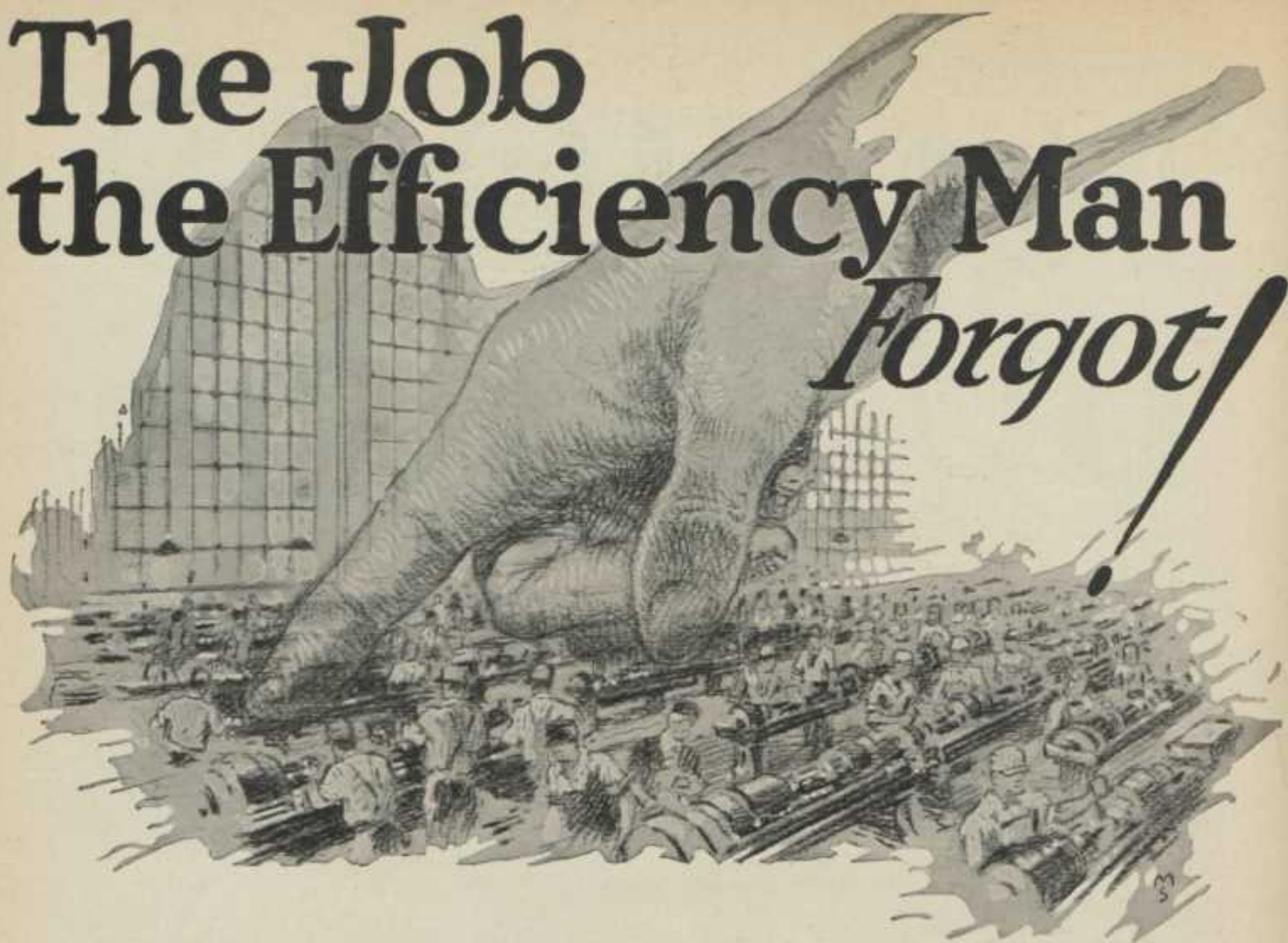
A SUMMARY OF ALL GROUP MEETINGS

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Published at Washington by the Chamber of Commerce of the United States

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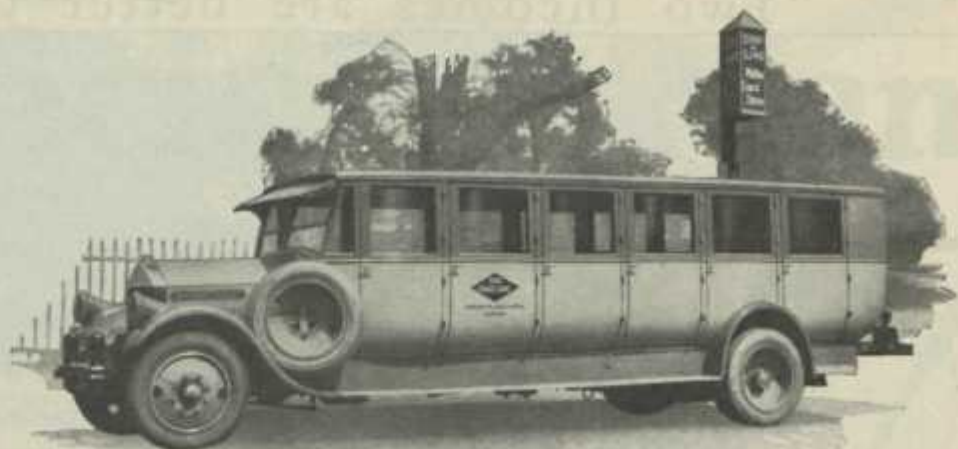
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What Went on at the Annual Meeting

Observing its custom, NATION'S BUSINESS devotes an extra issue to an account of the Annual Meeting of the Chamber of Commerce of the United States. The Fourteenth Annual Meeting was held at Washington, May 10, 11, 12, 13. The dominant note of its deliberations was

Self-Government in Business

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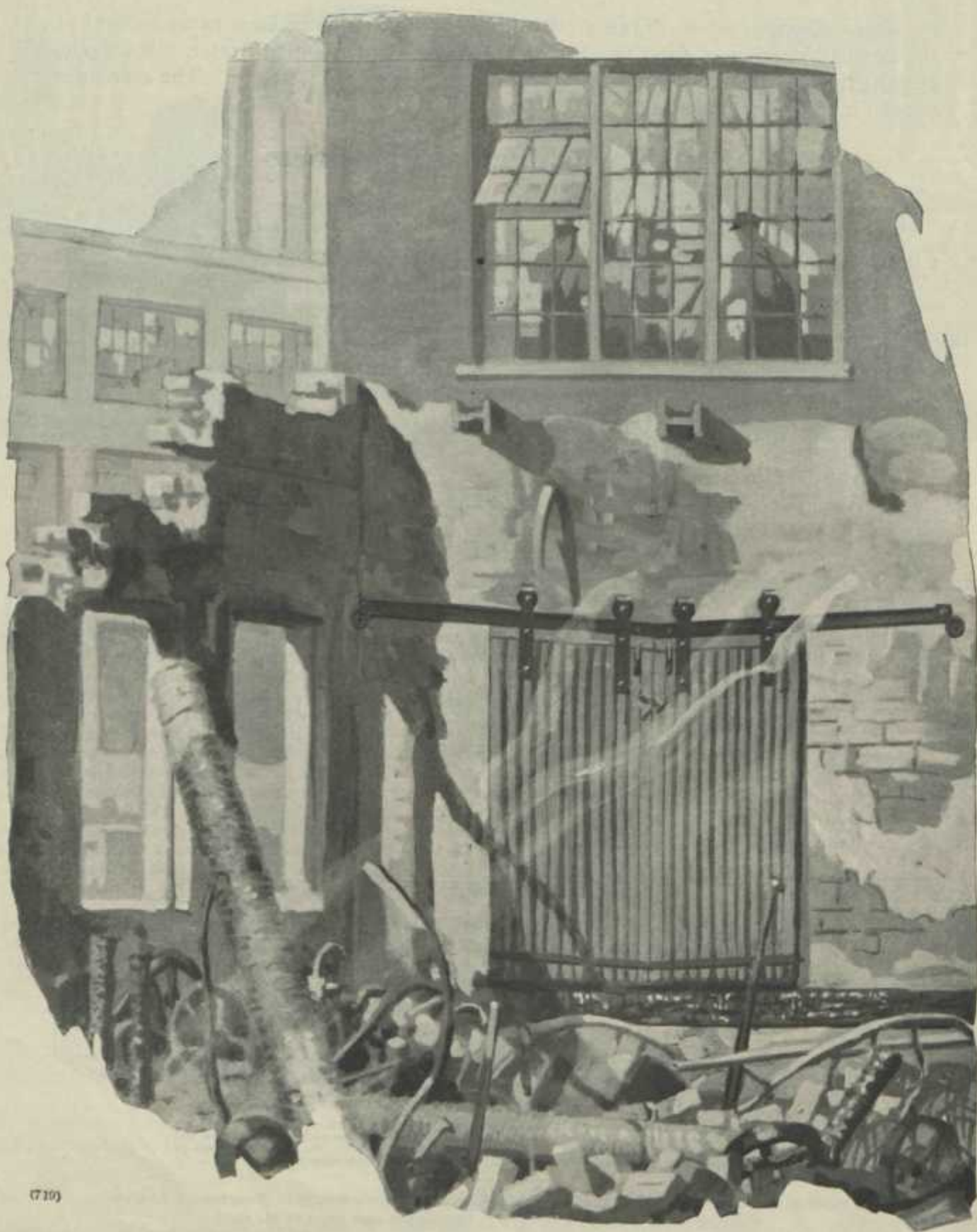
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A limited number of additional copies of this issue of NATION'S BUSINESS (Fourteenth Annual Meeting Report) may be secured at the actual cost price of 10c each

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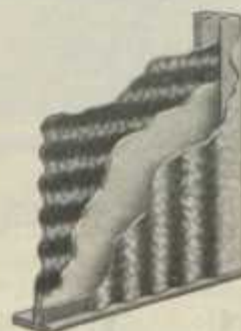
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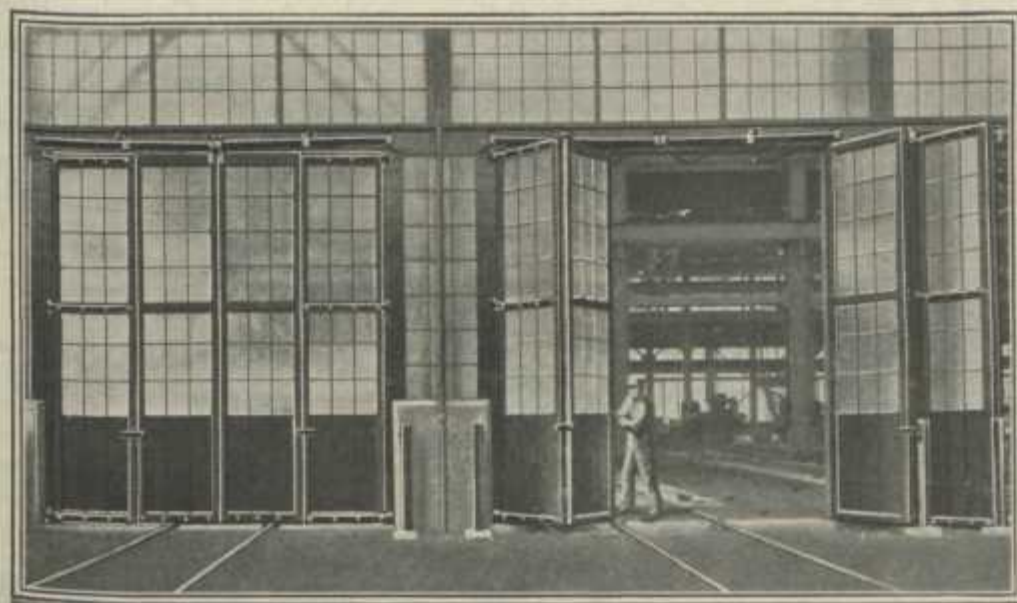
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Home Rule for Business

By MERLE THORPE

SELF-REGULATION in business!

If business doesn't keep its affairs in order, Government will step in and arbitrarily regulate business.

What can business do to bring about such self-regulation as to keep in check government regulation?

Those were the ideas that dominated the Fourteenth Annual Meeting of the Chamber of Commerce of the United States, held in Washington May 10 to 13 at the home of the organization.

They are the expressions of a fine principle, but like too many other fine principles, the easiest thing to do is to accept it and then to forget it as a practical problem in everyday business life.

Too many business men are still ready to accept the "tricks in all trades" theory and to justify bad methods in making and selling; to cry out "Self-government in business," and the next moment praise a fellow business man by saying:

"You've got to hand it to him. He certainly got away with murder."

It is that which organized business must break down if it would attain self-government.

Business has gone a long way on the road to self-government—a long way in the task of getting rid of crooked methods and crooked men—but it still has far to go.

The public, even the business public itself, is suspicious of much business method and of many business men. As Governor Ritchie, of Maryland, put it in his address at the annual meeting:

Today the public is as bitter against the profiteers in food and in fuel, in clothing and in rents, as it was against the railroads and the trusts a generation ago. If business itself does not find the cure, government will undertake to find it; and that will mean more legislation, more departments, more bureaus, more inspectors, more appropriations.

Right there is a task that confronts American business if it would achieve the purpose set forth at the Chamber's meeting.

If there are "profiteers in food and in fuel, in clothing and in rents," then the profiteers should be driven out. There's a job for business of policing itself!

BUT WITH all respect to Governor Ritchie, the cry of "profiteer" is often a cry of ignorance. It's the cry of the nine-cent pork and forty-five cent pork chops without an understanding of the expensive manufacturing and distributive processes in between the pig on the farm and the pork on the table. There's a job for business of making the public familiar with its intricate industrial processes.

Perhaps the prices which lead the public to cry "profiteer" are due in part to bad methods of manufacturing and distributing. There's a job for business of self-education.

It is worth noting that on the very day on which Governor Ritchie was talking about the possibilities of "profiteers in rent," President Jemison, of the National Association of Real Estate Boards, was telling the Civic Development group how his industry could set itself such standards as to limit

state and city regulation. But the realtor is not alone in recognizing and in facing this problem.

Down the whole alphabet of business, from advertising to zither-manufacturing, every industry struggles with government regulation.

I have mentioned advertising. Take that industry as an example. It has gone far, through Better Business Bureaus, through standards set by its associations, to reform itself from within. But if it fails to live up to its own self-set standards, if it permits or encourages dishonest advertising, how easy to create an interstate advertising commission, which should license advertisers, regulate rates, censor advertising copy, and in general add to the expense and kill the initiative which has made advertising so powerful an arm of the selling forces of the country.

AND IF sometimes those who are fighting for the home rule of business grow discouraged, it is well to recall that it is only a few generations since business was expected to be dishonest, when the bad old rule, "Let the buyer beware," was accepted, when the man who bought a horse or a pair of shoes would have been laughed at had he complained that the horse was blind or the shoes ill-sewn.

Just the other day I read this in Hanbury Hankin's interesting book, "Common Sense and Its Cultivation":

Until the time of the Quakers, any one going into a shop in England had to haggle and bargain about the price or stand a risk of being cheated. The Quakers held it dishonest to ask one price and to accept another. Hence they introduced fixed prices, a custom that gave them a substantial advantage early in the history of the movement.

BUT TO come to the meeting itself—in attendance it ranked with the largest. In real interest, I do not recall any which exceeded it. For the first time the general sessions were held in the large council room of the Chamber's own home. There was never a time when eager listeners were not standing in the back of the room. Amplifiers were so arranged that delegates seated in the sunny central court yard could hear the speakers in the council chamber adjoining.

There were 2,000 in attendance—delegates, associate members of the Chamber, officers of member organizations.

What did they take home with them?

Most of all, perhaps, the spirit of the Chamber and of the meeting, the sense of the fellowship of business, the need of unity in presenting to Congress and the public the case for American business.

The delegates took back, too, to their organizations the story of the main purpose of the meeting, this question of self-regulation, the doctrine that "if business doesn't, government will." They heard it expounded notably by Julius H. Barnes and President O'Leary, speaking as business men, and by Governor Albert Ritchie, of Maryland, and Secretary Hoover, who voiced a governmental view.

And one phrase from Mr. Barnes' address deserves repeat-

ing here for it expresses just what the delegates took home:

"Self-government, whether in industry or in politics, can only be lasting if it achieves the support of public confidence."

IT IS INTERESTING to note that shortly after the annual meeting President Coolidge voiced this feeling on the danger of bureaucracy—and bureaucracy is the inevitable result of the failure of business to rule itself. Said the President, speaking at Williamsburg:

Of all forms of government, those administered by bureaus are about the least satisfactory to an enlightened and progressive people. Being irresponsible, they become autocratic; and being autocratic, they resist all development. Unless bureaucracy is constantly resisted, it breaks down representative government and overwhelms democracy. It is the one element in our institutions that sets up the pretense of having authority over everybody and being responsible to nobody.

BUT THERE were other topics than this of "Home Rule for Industry." One general meeting was devoted to the problems of taxation, chiefly state and municipal. William Fortune, of Indianapolis, drove in on chambers of commerce their duty to take a hand in keeping down taxation—a job which, as he pointed out, paid a dividend in dollars and cents which would appeal to members of commercial organizations.

Representative Ogden Mills was another who talked of the ever-growing danger of state and municipal taxation.

In presenting this new philosophy of American business, the responsibility of self-government, and the need of winning public confidence, more than one speaker spoke of the part played by high wages—high wages, that is, accompanied by high production—in maintaining our standard of living, in adding to our material comforts. There was recognition of a new attitude on the part of organized labor towards these problems.

ONE RESOLUTION, perhaps, deserves particular mention. It is that on agriculture, containing this clause:

The Chamber of Commerce of the United States would welcome co-operation from representatives of agriculture for holding a national agricultural conference at which the leaders in agriculture and other industry would be brought together for frank discussion of this great national problem in a determined effort to agree on a national agricultural policy. Should such a conference be undertaken, the National Chamber stands ready to offer its complete facilities and to enlist in this effort in a spirit of mutual helpfulness, leadership of proven ability from the broad fields of business.

What an inspiring thing it would be if agriculture and industry, side by side, could work out a program that would be practicable and that would not call for governmental intervention!

EACH YEAR the group meetings grow in importance and interest. Ostensibly each in its discussions tackled the main subject of the meeting—self-regulation of business—but actually the topics were varied.

Two lively discussions occurred, at the Domestic Distribution and at the Manufacture groups. At the former O. H. Cheney, Vice President of the American Exchange-Pacific Na-

tional Bank, of New York, talked of instalment buying and provoked a lively argument led by Alfred C. Reeves, General Manager of the National Automobile Chamber of Commerce.

In the Manufacture group Paul W. Litchfield, President of the Goodyear Tire and Rubber Company, spoke on "The Present Attitude of Employer and Employee." He was one of the exponents of the theory that high wages make for prosperity. He held that the last thing to cut when profits shrink is wages, since

"A general cutting down of wages curtails the demand for the finished products of industry, the demand for which is the very life blood of prosperity."

Mr. Litchfield had a word to say also, of the recognition by organized labor of the principle that wages can be maintained only through increasing the production output per man. His remarks started some lively and helpful discussion.

TWO DINNERS stand out at the meeting. On the first evening the sixth annual dinner of the American Committee of the International Chamber was held, when Sir Josiah Stamp, head of the London, Midland and Scottish Railway, Owen D. Young and Julius H. Barnes were heard.

At the Chamber's own annual dinner, Secretary Hoover was the chief speaker, but the occasion was marked by the presence of a long list of distinguished guests, whom President O'Leary introduced with some unusually happy remarks.

LIVELY campaigning and great interest marked the election of directors. Four new ones were chosen: Walton L. Crocker, President, John Hancock Mutual Life Insurance Company, Boston, Mass.; Karl DeLaitre, Vice President, Bovey-DeLaitre Lumber Company, Minneapolis, Minn.; W. M. G. Howse, President, The Johnson-Larimer Drygoods Company, Wichita, Kansas; Frank D. Jackson, President, Jackson Grain Company, Tampa, Fla.

These three new honorary vice-presidents were chosen for distinguished service to American business:

FRED I. KENT, Vice-President of the Bankers Trust Company, of New York, for his services as chairman of the Economic Restoration Committee of the International Chamber of Commerce;

ELBERT H. GARY, of the United States Steel Corporation, for advancing "the new conception of the American business executive contributing to the common good";

JEREMIAH SMITH, JR., financial administrator of Hungary, for his work in restoring the financial stability of that country.

THROUGHOUT a busy week of attending meetings, of reading speeches, of talking with men from all quarters of the United States, I ask and am asked this question:

"Is the annual meeting worth while?"

And the answer is:

"Yes. If it did no other thing, it gives expression to the ideals of the new spirit of American industry, which believes that business must set for itself high standards of honesty and service and must live up to them; and that it can only accomplish these purposes through cooperation."

We Can Cooperate and Yet Compete

By HERBERT HOOVER

Secretary of Commerce



Herbert Hoover

I PROPOSE to discuss some of the social and economic currents that have been developing in American business and industry during the past quarter of a century.

A century of science has given us powerful tools of production and distribution—steam, steel, oil, electricity

and whatnot. In organizing and applying them we have developed at times great friction with the social and political instincts of our people. But I believe that we are gradually adjusting the industrial system to these instincts of industrial freedom and equality of opportunity, and that friction is becoming less.

Old-World Ideas Going

PERHAPS dimly, but no less certainly, there is looming up in America a new relationship in the whole setting of industry. It is departing widely from the conceptions of the Old World. We are making progress in our own way in the fundamental relations of industry and commerce to its employees, to the public, and to the government. We are finding from it increasing standards of living and increasing diffusion of wealth and comfort. While the war affected these movements, they are deeper than war disturbance, for they spring from vital qualities of the nation.

Our economic system is not perfect. It never will be so long as it remains dynamic with new invention, new discovery and enlarged vision of men. There may be gunmen in every trade and industry, but if they dominated it, we should have collapsed long since.

Our job is to support the American system at every point where it brings benefit to our people at large and to correct it at

every point where it is making for error and weakness.

I am not proposing on this occasion to draw any large social and economic conclusions as to the future from the currents in our business life, but rather to attempt some diagnosis of the major forces of change. There is no room for oratory in such themes. It is easy to be eloquent and entertaining if we set up straw men and wait at their destruction of human liberty,—but economic and social progress is not made in that way. It lies in gains hard won by those who work and serve.

There is a marked change during this last 25 years in the attitude of employers and employees towards wages and conditions of labor, especially in the larger units of production and service and the larger trade unions. It is not so many years ago that the employer considered it was in his interest to use the opportunities of unemployment and immigration to lower wages irrespective of other considerations.

The lowest wages and longest hours were then conceived as the means to attain lowest production costs and largest profits. Nor is it many years ago that our labor unions considered that the maximum of jobs and the greatest security in a job were to be attained by restricting individual effort.

A Changing View of Wages

BUT WE are a long way on the road to new conceptions. The very essence of great production is high wages and low prices. It depends upon a widening range of consumption from high real wages and increasing standards of living. Today the majority of employers in times of desperation exhaust every device to make ends meet before resorting to wage reduction.

They turn to labor-saving machinery, to constant research for better processes and better administrative methods. In turn, the pressure of high wages is forcing labor-saving devices and better administration to an extent which oftentimes reduces labor costs

per unit of production below even those of the cheaper labor abroad.

There is no more profound proof of labor saving than the fact that we today use roughly 55,000,000 horsepower in industry where we used 13,000,000 a quarter of a century ago, and even that omits the increase in power for transportation. Nor are these labor-saving methods developing harder conditions of labor, for the hours of labor have been steadily lessened.

Parallel with this conception there has been an equal revolution in the views of labor.

Labor Has New Concept

NO ONE will doubt that labor has always accepted the dictum of the high wage, but labor has only gradually come to the view that unrestricted individual effort, driving of machinery to its utmost, and elimination of every waste in production are the only secure foundations upon which a high real wage can be built, because the greater the production the greater will be the quantity to divide.

Our original trade unions sprang from the Old World labor movement and naturally adopted its conceptions. But the demonstration of the enormous distance which our organized labor has traveled from the tenets of the Old World needs no further proof than the new vision of wage crystallized by the American Federation of Labor at its last annual meeting. The background of those proposals is an urge for improved methods, elimination of waste, increase of production, and participation by labor in the resulting gains.

The acceptance of these ideas is obviously not universal. Not all employers, not all businesses, have these conceptions, nor has every union abandoned the fallacy of restricted individual effort as the basis of service. But the tendency for both employer and employee to think in terms of the mutual interest of increased production has gained greatly in strength.

It is a long cry from the conceptions of



While we hesitate to compare business to a calf, what happens to the skittish creature will also be the fate of business, if business doesn't rule itself.

the old economics. And it has all contributed profoundly to improvement in the whole basis of employer and employee relationship over a large area of industry, and to the constant growth of national efficiency.

Another marked tendency of the last 25 years is the notable growth of a higher sense of cooperation in the whole community. It is true enough to say that the modern system of fine division of labor and specialization in business is in essence cooperation itself; it is however unconscious cooperation. What I refer to is conscious cooperation.

It is true also that a quarter of a century ago we were adept enough in combination for abuse in control of price and of production. But we have gradually evolved a cooperation that is of positive public service.

Growth of Trade Bodies

THIS PERIOD has seen a vast growth of associational activities—chambers of commerce, trade associations, professional associations, labor unions, trade councils, civic associations, farmers' cooperative associations—all numbering into the thousands, until there is scarcely an individual in our country who does not belong to more than one of them.

Some of these associations, a minority, are selfish and narrow. They all represent a vast ferment of conscious cooperation. The great majority today recognize a responsibility to the public as well as to their own interest. They represent a movement toward a more efficient, more ethical, business practice and a better synchronizing of the parts of the economic machine.

I could point out a thousand accomplishments during the past five years of cooperation, serviceable not only to themselves but to the public. The improved employment relations are one reflection of this new spirit of cooperation. Another has been the steady improvement in business ethics through the establishment of business codes and their enforcement. No one can review the situation today in comparison with that of 25 or 30 years ago without a sense of deep relief.

The whole process of eliminating waste through standardizing of dimensions, qualities of goods and business practice, is only possible by such cooperation. And these accomplishments involve not only the units of a given trade but also cooperation between the many producing and consuming trades of a given commodity. As still another example I might cite the widely successful organized cooperation between several score different shippers' and transportation organizations for the more regular and efficient transport of goods.

These undertakings result not only in greater economy in production and consumption, but also eventuate in less costs to consumer.

There are today literally thousands of such cooperative movements in progress. They were almost unknown a quarter of a century ago.

There are still many wastes induced by destructive competition which need the searching activities of our associations. I need only cite the great waste in return and cancellation privileges in the sale of goods in the wholesale trades. Nor are these wastes to be conquered by legislative regulations—you cannot catch an economic force with a policeman. But we can make progress by cooperation, and with every lift in the level of competition, self-government in business

becomes stronger, and competition no less preserved.

The last quarter of a century has seen the growth of larger units of production and distribution—big business. Our tools are bigger. We build a single dynamo of 100,000 horse-power. This single tool would have been big business 25 years ago.

A Confused Public Mind

AND THERE is much confusion about it all in the public mind. I believe the public generally realizes that we get better conditions of labor, lower production costs, and better products sold on narrow margins of profit out of mass production in many lines of manufactured goods and in transportation power and other services.

Yet the public has the natural fear that these great units will be used for domination and extinction of equality of opportunity. Arising from this fear and the wrongs done in the past, we have enacted much legislation to compel competition, such as the Sherman and Clayton Acts and numerous state enactments.

The original conception of this legislation seems to have been to maintain a great host of highly competitive units in every trade. By degrees we have been retreating from this notion because the competition it required became at times highly destructive. We have modified its application to organized labor. It has been partially, and will probably be fully, withdrawn as to cooperative agricultural marketing.

We have found that to maintain complete competition in service to each consumer in the utilities—transportation, light, power, and communications—meant a fabulous cost in duplication of equipment, with less financial stability, increased operating expenses, poorer service and increased rates to the consumer. The Federal Government and most of the 48 states acting independently have abandoned such a degree of competition as the method of holding down rates and holding up service, and have established regional monopolies.

A considerable element of direct or indirect competition still exists, and must be continued through alternate services that can in a large sense be made available—other railways, other forms of power, of light, etc.—so that the stimulus to improvement is still held. When we deliberately clothe industry with the security of part-monopoly, neither the industry nor the public disputes the necessity of full control of rates, service and finance by governmental agencies.

Our Ideas Are Inconsistent

OUR IDEAS in the other trades, however, are a good deal muddled. In the manufacturing and distributing trades, where we theoretically attempt to enforce full competition whether destructive or not, the practice seems to have become more legalistic than economic in some of its results. A consolidation by purchase of units controlling 45 per cent of the output of an industry has been held legal; and yet if a number of men owning collectively a much smaller percentage should contract or combine to control production or distribution, they stand in danger of prosecution. Right or wrong, either way, we are at least inconsistent.

Nor do we allow many forms of collective action to eliminate definite wastes, even though such collective action may be obviously in the public interest and productive of a fundamental strengthening of competition itself. I am one who believes

strongly that full constructive competition must be preserved in the manufacture and distribution of commodities. The virility and strength of our whole economic system springs from spontaneous enterprise and the stimulation of competition. It is the impulse of invention and improvement. But competition does not necessarily imply destructive competition. It does imply that we must maintain a sufficient number of independent units in any given industry to assure us that the fundamental competition is sustained.

Public interest does not require that Mr. Ford, who makes over one-third of our automobiles, shall dissolve his great factory into the hands of 500 small competitors. It would increase the cost to the public greatly; it would decrease stability of employment in the industry and probably lower wages. He has today the most active competition of other great units.

Mass-production industries do not necessarily imply trusts and monopolies.

Mass production does not necessarily mean single ownership—it means standard products and standardization increases competition. The whole movement of our trade associations for standards and simplified products is a movement of protection to the smaller unit from extinction by the gigantic unit by giving to them the essential possibilities of mass production.

Obviously we do not want units so big or controls so wide that they become a menace to the public or destroy individual initiative or equality of opportunities. The real question, after all, with regard to a unit is whether it is subjected to effective competition, not the size of it. What we sorely need is thoughtful consideration directed to the essential question of how to maintain real competition instead of legalistic formulae, how to substitute constructive competition for destructive competition. The whole process of combination should be weighed solely in the scales of public interest.

When Owners Managed All

THE CONCEPT of business organization of half a century ago was that management was controlled by the owners. The natural and major pressure was to get the highest possible profit to the owner by creating the widest spread possible between the cost of labor and materials on one side and the rates or price to the consumer on the other that competition would permit.

But in certain very important groups the ownership has much diminished in its domination over policies of management, with a consequent material shift in the relative pressures between the separate interests of owner, customer, and laborer.

Mutualization, diffusion of stock into multitudes of inert holders and governmental limitations of profits in certain industries have all contributed to this change. The concerns which have developed into this setting fall into three important groups: the mutualized financial institutions, the public utilities, and a group of certain older established manufacturing and distributing organizations.

In these groups, due to the inertia of large numbers of holders, the managers tend more and more to evolve out of their own staffs, and the leadership of these great businesses tends strongly to pass from the owners to professional managers, who have but little participation in ownership. From all of which there is no longer so dominant a pressure for profits to owners; and the incidence of pressure turns, at least in some

degree, to larger division with workers and customers, after provision of the minimum rate of earnings upon which capital can be commanded on the market.

In the mutualized group I may mention the mutual insurance institutions, the mutual savings banks, fraternal and benefit organizations, the building and loan associations, and the farmers' and other cooperative commodity organizations, and I would also include the great endowments of non-state educational and charitable institutions.

This whole group holds today property to the value of upward of 24 billions of dollars. In this group the person served, that is the customer, is the owner. The number of such owners, in policyholders, depositors, etc., is numerically more than the whole adult population.

Public Utilities in One Group

THE SECOND group I have mentioned is mainly comprised of the public utilities, whose profits are directly or indirectly limited by governmental regulation. In addition to the shift in pressures due to limitation of profits, there is in this category a wide dispersion of ownership, the security holders having increased from 500,000 to 5,500,000 in a quarter of a century. They represent a valuation of over forty billions of dollars.

The third group, which is somewhat akin in its economic and social relations to the other two, is made up of some of the older established and larger manufacturing or distributing establishments. In these cases the capital has been so widely distributed to the public that no individual holder longer dictates control. I could enumerate corporations of assets totaling over five billion dollars which have in some considerable degree progressed into this class.

Thus these three groups together hold assets totaling about 69 billion dollars. Our national wealth is estimated at about 340 billion dollars, of which 20 billions is government property. It is worth noting that these groups thus constitute a considerable fraction of the whole private property of the nation—something over one-fifth. In our national wealth the total assets of all corporations are variously estimated from 90 to 120 billions. Some part of the assets of the mutualized business is invested in corporation securities outside the utilities, but obviously all the utilities and manufacturing business I have referred to are of corporate class. A rough estimate, therefore, would indicate that somewhere from 40 to 50 per cent of the corporate wealth of the country is owned in these three groups.

Management and Leadership

AS I have said, the stockholders, or policyholders, or other owners actually exercise little authority over the management in these groups, and thus leadership has shifted somewhat from the owners to the managers. The managers arise mostly by promotion from among their skilled administrative staffs. With the lessened pressure to enlarge profits, the tendency is to compromise the possible earnings by larger wages and lower prices of rates to the consumer. This has in some cases brought the surprising result of decreased prices in the face of increased demand, and of maintained high wage in the face of surplus labor. It has also resulted in more liberal expenditures in scientific research—a form of insurance for the future.

I do not wish to place these tendencies

as universal in all the individual units of these groups. They are working to different degrees in different concerns. And beyond these groups I have mentioned, there are owner-managed concerns which are showing the same attitude toward the forces I have mentioned; and through the dispersion of large holdings there are many important concerns which will be added to the category I have been discussing within the next quarter of a century. The trend of dispersion is shown from the increase in the total number of corporate stockholders from 4,500,000 to 14,000,000 in the last 25 years.

There has recently been some discussion as to the control of some of those types of institutions by groups outside of either the ownership or the direct management. It is not my purpose to discuss so large a question on this occasion, but I may observe that the subject is much wider than the discussion yet raised, for it should involve the whole question of how industry is to assure that the wisest managers are selected in these concerns whose proper conduct is so vital to the public.

There is a phase of business development which bears upon this question. The large salaries being paid for developed skill and experience sufficient to administer even the departments of these organizations have opened a new avenue for initiative and opportunity of the first importance. There is growing up steadily a new profession, business administration; and the moment that a trade takes on the character of a profession it marks a great advance, for the distinction which marks the term profession, in law, medicine and engineering, is the incorporation into the daily task of a responsibility to the community and insistence upon a high sense of service.

Credit Increasingly Stable

ANOTHER strong advance in the past quarter of a century has been the increasing stability of credit. One of the terrors of commerce and industry a quarter of a century ago was that variety of slump which arose from inflexible currency and credit or from the malign influence upon credit of over-expansion and speculation. The fundamental business of producing goods and distributing them was thus brought into periodic crises from no fault of either producer or consumer.

The creation of the Federal Reserve System has greatly contributed to reduce these storms. In addition to the flexibility given to currency and credit, the system has greatly minimized the former disturbances arising from the necessity of clearing through a few financial centers. Moreover, the growth of investment capital in the West has to a considerable degree freed western business from dependence upon the East for new capital resources. There is a further direction in which commerce and industry is securing freedom from the ebb and flow of credit.

Not many years ago practically all industry borrowed money from the banks with which to finance its raw materials and conversion and the credits which it must extend to its consumers. Today a considerable portion of industry finances its entire working capital from its own resources. The net result of all these changes is to give more stability to production, consumption and employment.

The cumulative value of intensified education, both elementary and higher, which we have been dinnning into the American youth this last thirty-five years is immeas-

urable. During this time we have multiplied our students in institutions of higher learning by 400 per cent. Today we have more than all the rest of the world put together. We have increased the technical personnel in every avenue of production and distribution upon a scale vastly larger than any other nation. The expert has passed from the land of derision to the land of esteem. We have realized from this and many other causes great advances in quality of leadership, in technology, organization and adaptability to new ideas and to shifting demand.

An Increase in Education

OUR whole people have increased in education and skill. We are reaping the benefits of some 600 industrial research laboratories, mostly established in the last twelve years. They are ceaselessly searching for invention and for every economy in methods and improved use of materials. Under the pressure of high wages we have ruthlessly revised industry with every new invention.

We have in this quarter of a century through the Government and through private initiative vastly expanded our system of business information. Statistics are now available on production, distribution, stocks, credits, employment, prices and a thousand other phases which make for more intelligent judgment in the conduct of business. Nor is it apart from this phase of discussion to mention the powerful stimulus which all these forces have given to the creation of higher leadership in industry and commerce. At no time in history has this leadership been more virile than today in America.

We must not ignore a great advantage in that by volume production, great number of units and varied demand, made possible through a great domestic market, we have been able to apply or focus all these advances.

Some of our industries have lagged behind others in the march toward stability, although they have kept up the march of efficiency. The bituminous coal industry, due to war expansion, destructive competition and other causes, the textile industry due to its migration South and West, and especially some important branches of the agricultural industry, are not yet in that stable condition which the nation requires.

Agriculture Changing Fast

DEEPLY seated movements have taken place in agriculture in the past quarter or half century. It has tended even more rapidly to transform from a state of living to a highly specialized and fiercely competitive business. Specialization and invention have increased its productivity and greatly decreased the numbers required to produce the same volume of food supply. By the creation of cooperative marketing associations the industry has struggled with some success to minimize the results of over-production due to its own growing efficiency, the pressure to quick realization of the harvest, and the competition of 12,000,000 producers selling against each other.

This movement toward collective action has succeeded to the extent that probably one-fifth of the total production is handled in this fashion, and some of these establishments today rank high as big business. But the growth of cooperation has been slow because of several major obstacles, such as the difficulty in summoning the original initiative and leadership, failures from lack of skilled direction, a degree of individualism which persistently keeps individuals

competing with the cooperatives, and the natural inability of the farmers themselves to provide the large sums of working capital which such large consolidated undertakings require.

For these and many other reasons the agricultural industry in many important branches has not kept pace in increasing standards of living with the workers and managers of other businesses.

Farming Remains Our Problem

AGRICULTURE remains our most difficult economic problem and is not to be dismissed with a gesture of impatience at ideas which spring from misery, but must be constructively assisted.

There are many other forces moving in American business. They cannot all be even referred to in so short a space. But I may conclude with the statement that over a quarter of a century the effect of those underlying forces which I have mentioned—and others as well—has been at least a great increase in our national efficiency. I hesitate to express it statistically lest we appear to exaggerate.

We have increased the total volume of mechanical and electrical power used from 13,000,000 to 55,000,000 horsepower.

As I have pointed out, this does not include the increased use of power in trans-

portation, which amounts to many millions. Electrification is almost wholly of this quarter of a century, for it is within this period that we have effectively tamed the kilowatt into the friend of man.

We have domesticated some 68 billion kilowatt hours annually as against some 2.5 billion 25 years ago. Incidentally each steam kilowatt requires today 2.06 lbs. of coal where it required 5.4 lbs. 25 years ago, and we may yet satisfy it with one pound.

All this power increases output and decreases sweat. While we have increased our manufacturing employees 65 per cent in the last quarter of a century, we have swelled productivity in a quantity basis in the neighborhood of 170 per cent. Our farms produce about 37 per cent more with about 20 per cent more farmers; our railways carry about 170 per cent more traffic with 61 per cent more men. And with all we have in 25 years decreased the weekly hours of labor by about 9 per cent, while real wages have increased 40 per cent or 50 per cent. The terrors of unemployment have been lessened.

From the savings made by greater efficiency in production, that is, in the time we have saved from other occupations, we have added the automobile and the good road, the movies, the radio and the phonograph directly to the standards of living.

We have increased the diffusion of electric light, power, telephone, plumbing, better housing and a dozen other things. Some feel that in all this we are deadening the soul of man by machine production and standardization. I haven't time to go into this question, but I may observe that the man who has a standard automobile, a standard telephone, a standard bathtub, a standard electric light, a standard radio, and one and one-half hours more leisure daily is more of a man and has a fuller life and more individuality than he has without these tools for varying his life.

America Is Finding Herself

HE WOULD be a rash man who would state that we are finally upon the golden stairs to the industrial millennium, but there is great hope that America is finding herself upon the road to a solution of the greatest of all her problems—that is, the method by which social satisfaction is to be attained with the preservation of private industry, initiative, and a full opportunity for the development of the individual.

It is true that these economic things are not the objective of life itself. If by their steady improvement we shall yet farther reduce poverty and create secure and happy homes, we shall have served under God to make better men and women.

"Forward March" to Business

By JOHN W. O'LEARY

President of the Chamber of Commerce of the United States

WE HAVE just witnessed the closing of the first quarter of this century.

We have seen a growth in wealth and in the standards of our social and economic life unprecedented in any similar period in the history of the world. Every one has taken some part in this growth and has reaped some of the benefits. This great national organization, the Chamber of Commerce of the United States, is one of the symbols of our progress. It has been increasingly one of the factors of that progress; and so long as it continues to be a constructive and forward-looking institution, just so long will it continue to increase its influence in our economic life.

Our Progress and Other Days

ONE HAS but to observe the amazing business development of the first quarter of this century to have some realization of the progress as compared with centuries of progress prior thereto. This is a day of big things with enormous development and rapid changes. During this quarter century of rapid development it would have been unnatural not to have had some instances of bad business practices. Because of the very progress itself, pushing business genius to superhuman efforts to keep pace, it was not always possible to make a study of methods.

It is probable that the wave of legislation looking to the restriction and regulation of business was inevitable. But after experience with the results of restrictive and regulative legislation designed to correct mistakes or bad practices of a minority it became clear that legislative control was harmful to the progress of good business. It was at this stage of thought on the subject of regulation of business that the Chamber of

Commerce of the United States was formed. Through the years which have passed since the first call to business men by President Taft, a new spirit has developed—a spirit of desire on the part of business men and business organizations to frown on bad practices and stand for right practices; a spirit of willingness to give thought and helpful information to those responsible for government; a spirit of willingness to enter into the community, state and national life.

This spirit has undoubtedly been one of the factors toward a tendency at the present time to lessen government regulation and encourage business initiative; to dispel an unfriendly attitude on the part of the public, reflected in political action, and substitute for it a confidence in business, reflected in the large increase in the number of those who have become through stock ownership partners in business enterprises.

Confidence Promotes Progress

THE National Chamber is mindful of this confidence in business institutions and the desirability of constantly demonstrating our desire through our action of retaining that confidence. Self-regulation to prevent abuses, improvement of our service to the public, and maintenance of right relationship toward our employees are of vital importance if we would retain confidence and avoid government regulation, for, after all, it is confidence that makes progress possible.

The adoption of a peace-time program of taxation has been our aim during the year. In so far as the money proceeds are properly and efficiently used and the burden of taxation properly distributed we should accept with willingness the burden

placed upon us. War always brings an excessive burden and sometimes an unfair distribution. During war every loyal citizen has but one thought—the winning of the war. There is no time for argument as to how things shall be done if they interfere with victory.

It is during such a period that inequalities arise; methods and systems of taxation are devised which are harmful and which retard sound progress. As rapidly as conditions permit, it is in the interest of the nation that we dispense with the bad features and adopt economically sound substitutes. It is with this thought in mind that the National Chamber has continued its Committee on Taxation. To a large extent the principles which the Chamber has adopted through referendum are incorporated in the tax bill passed during the year. The repeal of a number of war excise taxes, the readjustment of income surtaxes, the reduction of inheritance tax and a number of the administrative sections of the present law are either wholly or in a large part today in keeping with the program of the National Chamber. There are still some principles which are not wholly incorporated in the law and for which we will still campaign.

Local Taxes Are Still High

THE continuing reductions in federal taxation, however, have not resulted uniformly in a reduction of the tax burden on our people. Local and state taxes have increased in many instances in excess of the reduction of federal taxes. The Chamber's Committee on Taxation has been devoting much time during the year to a study of the tendency and effect of local and state taxes. It is hoped that the reports of the Committee on

Taxation as they come to you will receive your careful consideration. Suggestions which may come to you as a result of such consideration may make possible through your efforts in your own communities and states the establishment of better systems, of better coordination between federal and state taxes and interstate taxes.

From its inception the Chamber has supported the Federal Reserve System and has advocated indeterminate charters for the federal reserve banks, revocable only by Congress for cause. As a result of the operations of the system there is general acceptance of its great value to our people. Except in limited circles there is little thought that the system was chartered for a limited period. The National Chamber continues its efforts to provide for the prompt rechartering of the system.

Our world trade, both import and export, has continued to grow during the last year in a gratifying manner.

As our foreign trade grows in volume, which it must do, we are coming to a clear knowledge that we cannot confine our efforts entirely to the consideration of domestic problems. Economic interest has come to defy national boundaries and the barriers of oceans and continents. Our tradition has led us to avoid political entanglements and alliances, and it is unlikely that our policy in this regard will change. That policy should not, however, interfere with our development of a broad international policy of non-political nature. It is desirable that we know our neighbors in the world better.

We are accomplishing this desire by our participation in the International Chamber of Commerce, by our support for adherence of the United States to the Permanent Court of International Justice, and by the spirit of understanding and sympathy in our support of the settlements negotiated by the American Debt Funding Commission.

The National Distribution Conference held during the year has centered attention on a most important and vital phase of business activity which has received less attention than its importance deserved.

A Productive People

WE HAVE been a great producing nation. Our thought has been concentrated on improved and increased production. We have reduced costs through mass production, and increased consumption through the reduction of costs, until in many instances we have reached a state of production in excess of the consumptive demand. While the concentration of thought has been on production, we have hardly recognized the importance of having thought on distribution keep pace. Facts and figures are few, or if they exist are not available. The Distri-

bution Conference recognized a need for facts and figures for sane consideration by recommending the continuance of the work by the National Chamber through four committees.

Probably no single subject has had more thought on the part of your organization during the year than the all-important one of agriculture.

those motives would themselves lead us to wish for the success of those on whom our success depends. The Chamber of Commerce of the United States has long since declared its opposition to government interference with business.

Several years ago a similar declaration was made applying the same policy of government toward agriculture. We declared our conviction that any proposal for buying, selling, manufacturing or other handling of agricultural products by government agencies, whether under the pretense of the exertion of price influences or otherwise, was contrary to the principles for which the Chamber has stood with respect to other fields of activity. We believed then and believe now that such methods would result disastrously to agriculture and therefore to all of our people. We have accordingly opposed all legislation contrary to these principles and convictions, and will continue to do so.

We have confidence in the farm. Conditions are improving and with the thought that is now being given by citizens in every walk of life there will be continued improvement. Our confidence in the future is not dispelled by the efforts to depict the farmer of the future as a pauper or object of charity. The Chamber of Commerce of the United States will continue to lend its best thoughts to this important phase of our work.

There is a school of economic thought embracing not a small minority of our people which believes that our natural resources should either be controlled by government or operated by government. It is in this field that American business must carry on its operations in such a manner that this minority cannot claim that business is not operated in the public interest.

A Clearer Idea

WITH the recent decisions of the Supreme Court, together with the attitude of the Federal Trade Commission, the field of activity of a trade association has been made much clearer.

The National Chamber realizes the opportunities for trade associations and recognizes that it may be of material assistance in building up their strength. By far the greatest opportunity for self-government in business lies within this part of our membership. The codes of ethics established by most industries have had a decided effect upon the practices within trades as well as upon public estimation of business.

With the reminder of our obligations, as conveyed by the inscription on the walls of the National Chamber building, we will continue to go forward.

"Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, to see whether we also, in our day and generation, may not perform something worthy to be remembered."



John W. O'Leary taking the news of his re-election as President of the National Chamber with a smile

Properly so, for the prosperity of all our people is bound up in its success. Those who always credit business men with insincerity must at least acknowledge our willingness to succeed.

If we had nothing but selfish motives,

Self-Government in Business

By JULIUS H. BARNES



Julius H. Barnes

SELF-GOVERNMENT is the ultimate aspiration of all free people. Won by effort, maintained by sacrifice, self-government must be justified by record and achievement, whether in politics or in industry.

Historians emphasize, perhaps unduly, military and political events. Certainly history treats too little of the vast and

silent processes of orderly industry affecting all lives.

Trade and commerce have been great forces in bringing peoples of the world together, advancing always the frontiers of civilization. The courage and daring of exploration marches with the spirit of trade and adventure. The discoverer's lure of unknown lands joined with the merchant's aspiration for new and enlarged markets.

Mixed motives such as these sent Magellan first around the world against perils which returned to the Old World only 18 of the 140 adventurers who risked with him the unknown. The same mixed motives provided ships and treasure for Columbus, resulting in the discovery of the Western Hemisphere.

Daring Still In Business

DARING and imagination marked these early voyages, even as today they mark the ventures against great hazards in the world of trade. The same mixed motives and the same high qualities today light the villages of inland China with American oil, lay American rails through the tunnels of the Andes, plow the Russian steppes with American tractors, and wake the echoes of darkest Africa with the exhaust of American motors.

Enterprise, resourcefulness, persistence and the courage to venture, mark the empire of trade today as they have built the empires of the past.

Civilization itself always followed the trail of trade and commerce, and wherever trade and commerce developed highly, there can be found enthroned the cultural and political domination of the world.

Empires of the past rose on the earnings and influence of trade; staggered when special privilege destroyed the equality of opportunity which stimulated individual effort and enlisted loyal adherents. When autocracy made militarism the master of trade and commerce, when oppressive taxes confiscated the earnings of industry, when military service required of a people destructive instead of constructive service—then perished successive empires.

From the dawn of history the story runs of successive empires—Sumerian, Egyptian, Syrian, Chaldean, Persian, Grecian, Roman,—and through this long succession the trade dominance of the Phoenicians for 2,000 years, until the Phoenician city of Carthage with its million inhabitants fought out with Rome the military domination of the world and lost.

Then the long centuries of Roman supremacy, the establishment of Roman equal

justice under which commercial enterprise sent its ships to Egypt for grain, to the Levant for fabrics and spices and wines, to Britain for gold and tin, to the Baltic for furs and fish. Rome's legions for centuries protected the trade outposts of its free citizens. Rome's greatness rested on the earnings of its vast trade empire, where merchant effort rested secure on the exact and equal justice of early Rome. When later rulers sold the protection of the state to a privileged few, suppressed the genius of its commercial class, robbed enterprise of its incentive—then began the disintegration of that great empire.

When Venice Was a State

OR LATER yet, the Republic of Venice dominated the world for 300 years, resting on the trade and commerce which sought Venice as the gateway to the land routes of northern Europe. Venice lost its political domination when the water routes through the pillars of Hercules at Gibraltar eliminated the tribute of transfer at the Adriatic. But its decline had already begun in the arrogance of political domination by men who had forgotten the early glory of its trade supremacy.



Or again, civilization emerged from the Dark Ages of Europe on the earnings of reviving industry. For 200 years trade almost perished because the roads of Europe bore the hazards of robber bands operating from the security of feudal castles, rising from the clustered huts of lawless retainers. Ignorance, illiteracy and poverty held the world hopeless and despairing. Then slowly the deathless instinct of man to work, the aspiration of man to achieve and attain, revived trade and commerce and Europe flowered into the splendid glory of the Renaissance. The earnings of industry established schools and colleges and churches and public buildings; man's genius blossomed into paintings and sculpture and decorative art which is still the wonder and despair of successive generations.

Through this long slow struggle of civilization, advancing in step with expanding trade and commerce, we find the security and content of individuals secured by advancing living standards.

Primitive man's advance from barbarism, slow at first, has quickened in these recent years of modern civilization resting on developed science and invention.

The first forward step was the discovery of fire and this probably by accident only. Fire achieved independence of climate and season, lengthened the working day and by cooked foods raised man definitely above the animal level.

Primitive man knew the use of fire 5,000 years before more effective metal tools replaced crude stone implements and weapons. Apparently bronze was the first fluxed hard metal which definitely raised man's daily production power. Bronze is the combination of copper hardened with tin. We know now that these two metals sometimes occur in the same ore. Accident probably placed pieces of such ore among the stones of some rude hearth and under the heat of fire some early genius noted the flowing of these metals and their combination. One wonders how many generations of primitive man, crouched around their fires, saw no suggestion in the melting metals on their hearths. But then, one wonders also how many generations of quickened intellect in the centuries since saw no significance in the whitened vapor of steam until Watt saw the force behind the lifting teapot lid.

Putting Steam to Work

WATT gave the world in steam power generation its greatest productive impulse, yet that great forward step was in the life-time of the grandfathers of men alive today. The first steps of man's progress were largely of accident. Today's discoveries of science are the triumph of applied research, wresting from nature its secrets in increasing volume.

The long centuries between the stone age and the steam era mark the slow advance of man in intelligence, in earning power and in rising levels of possessions and living standards. The power era, born 150 years ago with steam, has quickened in recent years with the combustion engine and electrical generation. Controlling the driving forces of nature, inventive skill devises a thousand aids to human effort. Resting on increasing knowledge and experience, man's progress advances its new frontiers almost day by day.

In transportation the canoe of primitive man progressed to the sweep-driven galley of the Phoenicians and then today to the triple screw Leviathan, equal in length to the height of the Woolworth Tower. Yet so much of this transformation is of recent years that the longest trans-Atlantic carrier at the time of this Republic's founding was 120 feet in length, against the 900 feet of today's great ocean shuttle.

Speeding Up Action's Wheels

VOYAGES of discovery no longer face the long hard months of hazard under which Columbus sailed westward for the coast of India, for today's adventure is the great airship of the frozen north, now able to cross the formerly unattainable Pole in the swift journey of a few hours.

In land transportation the caravan of the desert has been superseded by the railway and the motor truck. Forty years intervened between steam power applied to the steamboat and its adaptation to the railway, and a single century covers the accelerated development of American railways. The vast freight flow of our railways, served by 2 million men today would require on the transportation methods of our early Republic 70 million men and 140 million horses. Manifestly, modern living stand-

ards could only have been attained with the scientific development of transportation.

In communication runs the same story of the hastening step of progress. The hill-top signal fires of the Picts and Scots have become, in communicated thought, today's miracle by which through 3,000 miles of uncharted ether New York's paper of today reproduces London's photograph of yesterday. Magic of the radio has become a three-year-old story in our homes until we forget that within our lifetime imperfect scientific research required 41 years before the metal wire which carried the electric telegram, also was impressed to carry the inflections of the human voice in the first telephone.

The Fairy Tale of Progress

IN THE development of power, enabling man to do the work of ten or fifty or a hundred, runs the same fairy tale of progress and the same accelerated, increasing control of Nature's forces. Early man slowly and painfully harnessed the crude forces of air in the windmill and of running water in the water-wheel.

So small were the savings of production beyond the daily needs that after forty centuries of human effort the accumulated wealth of the world at the founding of our Republic was estimated at 100 billion dollars. The power era in the 140 years since has so increased man's margin of production that today's world wealth rises to 1,000 billion dollars.

Running water, driving the crude mills of generations ago, today creates the subtle energy of Nature's electric current and man's ingenuity delivers that motive power to shop or factory or home miles away. Even here the progress of our fathers was slow indeed. Benjamin Franklin proved the existence of this mysterious electric energy in 1750 and by the flying kite indicated to us a new force to be captured and controlled. Yet it was 140 years later before the incandescent lamp proved a dependable servant. Electric energy in man's service is a story of only the last quarter century.



rising in that time from 2½ billion kilowatt hours annually to 50 billion, yet paralleled by the expansion also of steam and combustion power. How flexibly industry adapts itself to this enormous energy is visualized in the fact that the first census of American industry fifty years ago indicated ½ horsepower to aid each worker, and today the vast army of workers in industry each uses the average of 4 horsepower.

Successive revelations of Nature's secrets give assurance that there are still to be discovered and harnessed great and unknown forces. Within the lifetime of men now living our universities taught that the primary elements in the universe comprised some sixty-odd. Then within this last quarter century science discovered one basic element after another, until physics today lists ninety-two. Moreover, the upper five

of these elements possess the mysterious quality of radio activity by which exhaustless energy is perpetually discharged. Out of this new knowledge grew the X-ray and wireless and radium, great servants freshly enlisted in man's advance.

It is increasingly clear that educational and cultural refinements rest in the last analysis upon the earnings of healthful industry.

Expanding industry with its competitive opportunities creates a security of employment and freedom from uncertainty and apprehension.

Shallow critics cry that this is a materialistic age. If so, there is no evidence of deterioration in individual character. The great war showed the universal possession of courage, endurance and the spirit of sacrifice.

This last quarter century has taught that the way to possess more for use in the average home is to produce more things to divide among those homes. We have learned that fair division is not secured by the edict of government on theories of socialism or communism, but by preserving free and equal opportunity, thus stimulating the utmost effort of energy, ability and character.

We have learned that national wealth is only the aggregate of individual possessions.

We have learned that national wealth in the last analysis means the conversion of natural resources by man's hands and mind into things of daily use.

Putting Shoes on the Poor

WE HAVE learned that methods which quicken and enlarge this conversion are the greatest forms of social service, the surest way to put shoes on the children of the poor.

We have learned that increasing production in the day's work means increasing earning and buying power.

We have learned that modern industry with its volume production, under free competition, can create the magic of higher wages, larger dividends, and yet lower-priced products.

If modern industry can do these things, then organized business must understand and maintain the influences and forces under which these results are achieved.

When we seek for the causes which maintain the wide divergence of living standards in the world today, and when we study the forces which raised or destroyed the empires of history, we reach the conclusion that the place in the social scale of progress by any people at any time is a reflection of the degree to which that people possesses three major factors. These three major factors are, simply stated:

The possession of natural resources,
Habits of industry,
Stable and sound government.

Moreover, we find these factors increasingly effective in the accelerated degree which affects all modern industry.

These three essentials seem to provide the bases on which rest the prosperity and social strata of a people.

Test them by application to any certain government or people.

Out of America's pioneer conquest of a new land developed America's tradition that natural resources are primarily for quick conversion into the use of its people. Its habits of industry rest on the ideal of a new people with a new country to develop, that earnest and effective work is a mark of distinction. Freedom from age-old custom

or habit allowed a receptivity to invention, giving American industry production equipment in advance of other lands. Universal public school education, literacy and the habit of reading, make the production efforts of our people unusually effective.



But America's industrial leadership in attained production rests primarily on the American philosophy that the value of work lies in achievement.

"Living Wage" Theory Going

AMERICAN organized labor this last year declared the measure of rightful compensation for the worker depended on the production results of his labor. Thus were abandoned the old theories of a "living wage," and the issue squarely joined with the European labor concept that worker daily performance must be restricted so that more days' wages must be paid to accomplish a given result. Recently America has been visited by delegations from the British Associated Industries and by the London Mail's delegation of trade-union leaders from the engineering trades. Their reports express amazement at the American worker's standard of possession and living. The conclusions of British employers and British workers state that both the progress of the worker and the prosperity of employers rest on increasing production.

America welcomes a study of the methods of her industry by employers and workers of other lands.

It is no accident alone that America's 6 per cent fraction of the world's population converts annually into living one-half the world's natural resources of iron, steel, copper, coal, oil, timber and cotton. No accident alone has built in this new country almost half the railroad mileage of the world; no accident alone constructed here almost three-fourths of the world's telephone and telegraph equipment; no accident alone accounts for the manufacture and possession here of almost nine-tenths of the world's automobiles.

As We View English Crisis

AMERICA assumes no self-complacent attitude when it speaks, with sober earnestness, of the lessons of its own experience and its own development, in this time of economic crisis in Great Britain. Vast and powerful trades unions, inclined to enforce the outgrown day's concept of restricted production, retard social progress in Great Britain, along with national organizations of employers, slow to see the dividend of wage-earning possibilities of highly modern equipment.

All through American industry runs the story of employer enterprise in the installation of labor-saving and production equipment as fast as inventive suggestion can be tested. Alongside of that record of adoption of labor-saving devices runs the practical proof that as the earning power of the individual rises, buying power de-

velops new industries and expands old ones and not substantial unemployment follows. When the Steel Corporation was organized a quarter of a century ago, the production of a ton of pig iron required approximately 14 hours' work for one man; today a ton requires an average of two hours. This industry has learned in this quarter-century to increase the effectiveness of each worker from one-half ton per day to four tons per day. Or in quicker step, an automobile manufacturer twelve years ago required 1,260 hours work per car, but has reduced it now to 230 hours. It is as if industry management here had in 12 years enabled each worker to produce 11 cars per year instead of two.

What Makes Our Dollar Big

IF A day's wage in America will buy four times a worker's necessities that a day's wage will in Milan, Vienna or Warsaw, or three times what it will in Berlin or Brussels, or double what it will in Amsterdam or in London, there is no magic to preserve that superior earning power except the magic of able industry direction and the magic of workers intelligent enough to recognize that production results in hours of work, is the measure of their earning power.

America has thus made this second factor, habits of industry, highly effective.

In the third factor, stable and sound government, America has also been peculiarly favored. A republic founded on a political philosophy of individualism, has justified itself by every test of achievement. That our National Government should be stable, was due primarily to the vision of those who framed our Constitution. Our party government of fixed terms, with all its defects, provides stability of administration clearly marked against the instability of so-called responsible ministries in Europe. The supreme test of the stability of our Government was fought out in four sad years of civil war.

But the conception which framed our Constitution provided us a government not only stable, but sound, in its relation to the lives and industry of its citizens. Preservation of the tradition of individualism requires on our part vigilance and also resourcefulness in meeting the changing conditions of complex modern life, without a sacrifice of the basic ideal of individual stimulation.

Seeking Aid with Theories

IN THE Old World the problem of natural monopoly, such as railroads, telephones, electric service, found no answer but social theories that looked to government ownership and government operation as the solution. America is fortunate that it was able to develop a policy of fair and just public regulation which protected the public interest against unrestrained monopoly, but still preserved in industry the driving power of individual initiative.

The lethargy and lack of enterprise which follows bureaucratic administration is shown clearly in the field of telephone communication. Again it is no accident that under private ownership in America this sparsely settled country possessed 15 telephones per 100 of its people, as against 3 telephones per 100 in Great Britain with its government-owned service, and against the government-monopoly telephone of Russia with its one telephone for each thousand of its people.

The use of facilities depends on efficiency, and again it is no accident that in America

our telephone conversations are annually 192 per capita, against Great Britain with 24 and Russia with 5. In no other industry is painstaking and expensive research more quickly reflected in facilities that increase earning power of industry and add to the social comfort of a people. The devices which enable New York to talk easily with San Francisco came not as a flash of inventive genius, but as the result of painstaking research and experiment, with the investment of costs that have returned themselves a thousand times in service. But no Parliament or Congress, sitting as the Board of Directors of government-operated industry, would have sanctioned the expense of experiment which private industry has justified a thousandfold. Therefore, on the government lines of Europe no such long-distance telephone conversation is possible as in America and thus expanding industry is deprived of a great service facility.

This third factor, stable and sound government, acquires a new importance with modern industry increasingly dependent on large capital investment. Surplus earnings will venture in the development of industry only when assured of security of investment under stable government, and assured as well, that there exists no hazard of competition by government-operated industries drawing on the public treasury.



America has become a land of savings, large and small, seeking profitable investment. Savings accounts, rising in twelve years from six billion dollars to twenty billion, evidence not only the earning power of American industry, but the wide and fair distribution of the profits of industry through wages and dividends. Thus has been created a great investment class of 36 million stockholders in industry today. Labor establishes its own banks; labor invests its surplus earnings in stock ownership of its employer; labor is thus becoming capitalistic in character and must in self protection understand the principles of sound relation between Government and Industry.

Industry No Longer Blamed

IN political life, educated public opinion no longer responds, as in former years, to malicious attacks upon industry by shallow political leadership. No longer do men in public life condemn industry solely because of size. Success in both large and small industry is no longer preached as evidence of misconduct, and to be penalized.

The ethics and the ideals of both government and business have advanced in recent years. Public service would today be scandalized by the standards of the first Federal Congress of this Republic, which passed the Hamilton national refunding measures by a majority vote and as to which it developed later that 29 Congressmen out of 64 had invested in the securities which would advance by their own action.

So, too, organized business today does not claim the practices of the past were always fair and just. But the business community has set today standards of conduct higher than those generally accepted in those earlier years.

Both government and business, in the main, today strive to be honest in conduct and intelligent in understanding.

Self-government, whether in industry or in politics, can only be lasting if it achieves the support of public confidence.

Government and business together should study and understand the conditions which preserve healthful industry, on which rests employment and opportunity. Such an understanding appears to be developing in administration and legislation.

Government should realize, with business, that policies of taxes must be fair and wise and stimulative, and not oppressive. Recent legislation in tax revision indicates the hopeful progress towards this end.

Principle of Public Interest

GOVERNMENT, through its agencies of necessary public regulation, should realize that business accepts the principle of public interest in the fields of natural monopoly, and both should strive that regulation be fair, intelligent and encouraging. The unhampered growth of public utilities and the fairer day for our great railways, justify a belief that this principle is recognized by public agencies.

Government, through its great departments should realize with business, that accurate and disinterested information facilitates the expansion of trade and industry. The energy and efficiency, particularly of the Department of Commerce, rapidly build this tradition of helpful service to industry.

Government, through its Federal Trade Commission, should in cooperation with business itself, preserve fair play between industries and individuals. Recent revision of the practices of this great commission warrant the belief that government desires to develop industry fairly and helpfully, abandoning the role of petty persecutor.

Choosing Officials on Merit

GOVERNMENT, with business, should assure the administration of credit influence and financial policies by enlisting administrators selected for proven ability and for public service, without the menace of political color. The evidence of Congressional determination not lightly to amend or alter the great principles of currency and credit, encourages the belief that public servants soberly realize the responsibility which rests upon such action.

Government should recognize, as business already insists, that it is right that national treasure, levied by authority of Government on all its people, cannot rightfully be appropriated in the interests of any single class. The evidence in high administrative office and in the halls of Congress, that the obligation of economy is a solemn public trust and that public moneys used for purposes of price fixing violate such a trust, affords encouragement.

Organized business believes that progress in rightful industry is served not by rigid government regulation, but by enlightened ideals, guiding the practical experience which removes defects and abuses and develops, without the injury of rigid bureaucracy, a larger measure of service to society along with its own rightful earnings.

Organized business believes that it is building a record of good faith.

Business Can and Must Rule Itself

By ALBERT C. RITCHIE

Governor of Maryland



Albert C. Ritchie

PERSONALLY, I am of the Jeffersonian school of democracy, which believes that that government governs best which governs least, provided it governs wisely. Just as I think that sound government should recognize the right and liberty of the individual to pursue his own life in his own way so long as he does not interfere with

like rights and liberties of others, so I think that this great, delicate, human mechanism we call business should be as free as possible from governmental interference, so long as it does not abuse this freedom.

The broad purpose of government in its relation to business should be to keep the door of opportunity and endeavor open to all on equal terms, and to restrain those who would deny this. By the same token government should keep its hands off business so long as business keeps its hands off government and engages in no practices which are unfair or stifling to others.

Progress of Three Centuries

FOR THREE centuries now this country has been undergoing the processes of development. From our earliest beginnings until today progress has been the work of the pioneer. We have advanced from one great economic landmark to another, and to do that we have been quick to throw outworn methods to the scrap heap and to meet and solve each new condition as it arose with individual initiative and enterprise. It was thus that Fulton gave us the steamboat, thus that Fulton gave us the steamboat, Cooper the steam engine, Morse the telegraph, Bell the telephone and the Wrights conquered the air.

I would not see this personal initiative shackled, this business individualism checked, by a government which should give it encouragement and free play, so long as it respects the like qualities and enterprise in others.

So were I to try to express the idea I have in mind in one sentence, it would be, put business in government to the full extent you can, but take government out of business except where the great heritage of equality of opportunity necessitates its presence.

This formula is not difficult to express. It embodies the American ideal. The trouble comes in applying it practically.

No problem of modern political life presents more difficulties than that of determining the sound relations of business and government. This is true whether you approach it in the abstract, as the student of political science does, or in the concrete, as the practical law-maker or administrator does.

Misunderstanding of these relations can be almost as dangerous as their actual abuse, and such misunderstanding I think exists not only on the part of the public but also on the part of both business and government.

During the fifty years since Reconstruction we have witnessed a revolution in the

relationship between government and business.

The growth of wealth and of capitalistic combinations was accompanied by an increase of corporate power and concentrated resources and by a domination over State and National politics which were used all too often to crush individual initiative and opportunity. The forms of popular government remained, but real mastery slipped from the hands of the people to a narrow plutocracy. Then a new social justice asserted itself, and the government had to interfere.

After that the pendulum swung, and government let itself fall under the suspicion of attacking business just because it was big. The vital thing is to secure the proper gains of wholesome combination and at the same time preserve to the individual his industrial and political freedom. We are a free people and should be as free to grow big if we keep honest and straight as we should be free to stay apart to ourselves if we wish. So the pendulum swung partly back again.

The net result, however, has been a vast extension of governmental control over railroads and public utilities; legislation, such as the Sherman Act and kindred measures, in the interest of broader freedom for business, and regulation in the field of public health and safety and welfare, as illustrated by workmen's compensation laws, factory laws, inspection laws, building regulations, restrictions on employment and the like.

These things have become accepted now as a necessary part of modern industrial life, and in the main properly so, especially when confined to governmental regulation and checks on the abuse of power as distinguished from direct governmental management.

Our Government Does Compete

IT IS not generally recognized how much government is actually in business, not as a regulating or controlling force, but in competition with private enterprise. Government, Federal or State, is in the ship building business, the airplane business, maintains warehouses and manufactures furniture, paint, mail boxes, envelopes, clothing, cement and other kinds of material and supplies.

Some of this is doubtless inevitable, but it would be easy to show the resulting economic waste compared with private industry, due to a variety of causes, but perhaps chiefly due to the lack of necessity of showing a profit and to the lack of a permanent policy. Operating costs are regarded as of subordinate importance, losses are frequently absorbed and swallowed up in general accounts. Private business cannot compete. But the citizen pays only indirectly through taxes, and so he is either ignorant or indifferent to what is going on, although his own tax bill is increased by the tax-exempt feature of the Government's operations.

We must remember that private business has no treasure chest whose contents it does not earn. Public business, on the other hand, has the public treasury. If actual ex-

periences of this kind do no more, at least they show the economic unsoundness of extending them further, and the need of the country to set its face rigidly against the ill fortunes of government ownership.

With these observations as a background, let me pass to what, I think, ought to be the philosophy of the relationship between government and business.

Anything that chills the free enterprise of business, or that deadens its initiative, or interferes arbitrarily with the free play of economic opportunity, is destructive both of social and economic progress. Too much government in business does this. It would do this even if government were perfect, instead of one of the most imperfect of all human institutions.

Assuming that the natural law of freedom has its economic as well as its social and political application, and that business should be free to work out its own destiny, then the problem of government is how to prevent abuse and make this freedom function for the common good. I would like to see the time when business writes a charter of American business freedom, a Bill of Rights of its own, to protect itself both from government and from some of its own temptations. For we may admit that there is abuse and misuse of this law of free business both by the government and by business itself. Business cannot escape its share of the blame on either count.

If the price of liberty for the individual is eternal vigilance and a willingness to do right and justice to his fellows, the price of freedom in business is the same. If there is antagonism between government and business, the fault I think lies largely with business; with business, because it has not risen to its political obligations as it should; because it has not been sufficiently conscious of its high estate; and because it has been slow in recognizing both its rights and its duties in its relations to the organized State.

The public at large thinks of business as one thing, and government as another. Let us remember that today the nation is business and that business is the nation. It is the common life. You cannot injure business without injuring the nation. Business has assumed the responsibility of feeding man, of housing him, clothing him, transporting him, supporting him. Business is the means and the only means of supplying man with the things he must have to live. Whatever else happens, business must go on; society as organized is dependent upon it.

Business and State Power

THERE is an idea wide spread in many circles that business and particularly big business, or what are called "the interests," have more power in government than they should have. If they have, it is because business misconceives the true functions of the State as well as its own best interests, and in the long run it may have to pay the penalty.

If we mean anything by liberty and equality of opportunity we mean not only that business must be free from undue interference and oppression by the government, but also that it must be free from

undue entangling alliances with the government. It cannot usurp power that does not belong to it. It cannot use government for its own selfish interests. Business that rests on special privilege and favoritism is no more honest economically than business that rests on corruption.

Business justly rebels against all the paternalism that government tries to exercise over it, but the cardinal mistake business makes is in saying "business is business" and "politics is politics," and on looking upon government too much as a thing apart or as a necessary evil.

Bad Politics Hurt Business

BUSINESS has discovered that bad business politics is bad for business; the next discovery should be that good business politics is good for business. We know that invisible government is bad government, and business must be alive to the fact that in its relations to government it should, like Caesar's wife, be above suspicion and play its cards only in the bright light of publicity; that secret covenants secretly arrived at will not do. Much of the credit for progress to this end goes to associations such as yours.

If you complain of too much government in business, I answer that the solution is twofold: put more business into government and more self-government into business. Give the government no need to regulate what you should regulate yourselves.

I would like to see business embrace a new political philosophy. Business, in a very large sense, is the State. Its own safety and stability demand that it do its part to make government better than it is. These also demand that it do not place too big a burden on government; that it lessen this burden by developing the spirit of self-government righteously applied in its own domain; and that it do not look upon government as a source of selfish protection or special privilege.

We may have faith in the power and the promise of business. The leaders and the architects of our future must come from your ranks, not from the ranks of the politicians, or even from the ranks of the preachers, the professors or any other class. It is the collective mind of an era that shapes that era, and the collective mind of this era is the business mind. If this is so, you are called to a high sense of your obligations.

The power of business is the power that can get efficient and effective results. It should serve the State. Cast your eye over all the ills and evils, the injustices and inequalities and inanities that hedge us about, and ask yourself what force is better equipped than business to cure them and to shape and direct a new and better order. Business men are trained to deal with actualities, realities, practicalities; the vital and not the abstract things. Business should not only organize itself but should do more than it does to organize society for that most real of all real things, the common good.

Business must be something more than mere money making. It must be profitable, of course. But no business will be profitable unless it gives service. And to the business which gives service profits will come.

By developing self-government and so managing to throw off the incubus of excessive government interference and regulation, business can solve many of the problems which men now strive to solve through the ballot. Business can do things which government cannot do. It has already done

much to humanize industry. It is recognizing that the health, the housing, the education, the economic and the personal welfare of its employees are essentially problems of business rather than of government. Business hitherto has too often left these questions to reformers and uplifters, who, in their zeal to better conditions, have carried questions into politics that should have remained in the nonpolitical domain.

Business should so regulate itself as to relieve the government of the need of doing so. It is developing its own ethics, its own philosophy, its own ideals, it should develop its own self-government. Organized business is often more effective to prevent abuses and punish wrong-doing in its own ranks than is the government armed with the letter of the law. The question is altogether one of the ideals business sets for itself—the goal at which it aims. It is not one of power. The power is there.

How much has business done to put "more business in government?"

We are the greatest business nation in the world, but our governments, both State and National, do not reflect our business leadership. Here waste and extravagance and inefficiency and indifference flourish to an extent that business itself would not endure for a moment. Only the earnest public official, who has tried to remedy these conditions and to combat all the factors, human and political, and all the inertia, tradition, custom and public indifference which make these conditions possible, can realize what it would mean if business itself gave the proper support and impetus.

A Force to Effect a Cure

IF BUSINESS unselfishly recognized its political obligations as it should, it would be the one force in the State that could measurably cure these evils. When the business interests of this country once really mean what they say in demanding "more business in government," then will government be more businesslike.

Today the public is as bitter against the profiteers in food and in fuel, in clothing and in rents, as it was against the railroads and the trusts a generation ago. If business itself does not find the cure, government will undertake to find it, and that will mean more legislation, more departments, more bureaus, more appropriations.

While I think business should be as free and as unharassed and unhampered by government as is possible, I recognize, as you must, that it cannot be entirely free. Human selfishness is too real to permit that. It must always be an obligation of government to keep open the door of opportunity for all on equal terms and prevent the abuse of industrial power. Unfortunately neither statesmen nor economists agree just how to do this. They are still debating whether the anti-trust laws have done more good or more harm; whether some trusts are good and others bad; whether competition is the life of business or the death of it; where regulation helps and where it hurts.

Take this question of big business. A generation ago we were strong to keep all railroads competitive; now we would unite them. Anything that spelled monopoly was anathema; now we recognize that sound economy often justifies monopoly. Big business may be more economical than little business. Enforcing artificial competition may be more costly to the consumer than combination. If big business can increase production at less cost; can localize production in the economically best places; can

avoid duplication and waste; utilize by-products; cheapen distribution; balance supply and demand; and establish other advantages claimed for it, then obviously big business should be encouraged for the common good.

The very mess we have had in the Federal Trade Commission and even in the Tariff Commission, when it cannot be persuaded to act as a scientific and non-political body, illustrates how difficult it is to translate economic laws, with all their unforeseen, uncertain and relative factors, into statutes and apply them that way. A high order of business self-government can best find the way out of this economic chaos.

I say economic chaos advisedly. In the last analysis the whole economic equation sums itself up in two factors; production and consumption. One would suppose that the greater our production the greater our prosperity; the more goods, the more wealth; but it all seems to depend on the consumer; if he does not buy we have over-production, and with over-production, prices fall and prosperity halts. Too much wealth apparently results in hard times; we stave this off by high-priced salesmanship, and costly advertising to stimulate the consumer, and we enlarge his purchasing power by devising new and sometimes dangerous credit devices.

The producer thinks he wants prices high, the consumer wants them low. One school says thrift is a great national virtue, another school, as I see in the last *Atlantic Monthly*, says thrift is an economic peril. We move heaven and earth to capture the foreign markets, and to sell them our surplus; and meanwhile we build a tariff wall to keep out the foreign goods that can pay for them. My point is that business and not government can best lead us out of this wilderness—in fact, must, for its own salvation.

With the rapid growth of Federal activity has come a bureaucratic interference with business that I think accounts for much of the current resentment. As if the Internal Revenue department with its necessary inspectors and accountants were not itself sufficient of a business irritant, there are at least forty other departments and sub-departments and bureaus, not to mention special congressional investigations, which more or less constantly inject themselves into your business, and rarely if ever in a way that is helpful to you. This does not add materially to your joy of living or to your business prosperity. Here again the fault is not in the stars but in yourselves if you do not rectify this.

A New Spirit Appearing

FORTUNATELY a new spirit is becoming manifest in the relationship between government and business. The experience of the War Industries Board, among other things, has led many of our industrial leaders to champion the idea that there should be more cooperation and coordination in business enterprise, and a helpful rather than a critical attitude on the part of the government.

I am not arguing for freedom of business simply to spare it annoyance, but only because I think business unhampered is a better instrumentality than government, not only to work out its own salvation but also to work out impending social and economic problems. I think high-minded business can meet these with a larger vision and a stronger grasp and a more even justice than can the legislator or the bureaucrat. It can see the problem better from all angles, and can do so because its own self-interest compels.

Self-Government Must Be Deserved

By ROBERT JEMISON, JR.

President, National Association of Real Estate Boards



Robert Jemison, Jr.

ONE OF the most striking and perhaps the most significant changes in our economic life during the present century has been the progress in the development of an ethical standard in the conduct of business.

Certainly the most significant fact about

this movement is that it has been voluntary; that is to say, it has arisen from within the ranks of the business and has not been imposed upon our economic structure by any legal or governmental agency or pressure.

At first this ideal was envisioned by a few great princes of commerce near the beginning of this century; and as it permeated into the minds of the rank and file of our vocations and trades it has wrought a change far reaching in its consequences—much more far reaching than any formal act of government could ever produce.

How the Term Is Used

IN THIS paper, then, the term "govern" is used not in the sense of the activity of any formal governmental institution. It has a wider significance; it means directing the activity, framing the ideals, controlling the motives of men—a force that can thus strike at the root of human action and will and can produce results much more far reaching and significant than can any power which can attack only specific infringements covertly performed, ingenuously conceived.

It is for this reason that we are glad to champion the thesis that the real estate business has within it the possibility of governing itself.

Our assurance is based, first, upon the fact that the discipline brought to bear upon members of the real estate vocation by their own organized efforts is voluntary. When men are willing to impose discipline upon themselves, the necessity for regulation by legal or other authority has largely disappeared.

The second basis of our assurance is the progress that, working as a group through our organizations, we have been able to make within the past eighteen years. Permit me to call attention to some of the outstanding developments within the vocation that give us the ground upon which our hope is based.

Eighteen years ago the only organizations that existed within the real estate vocation were a few scattered real estate boards in various cities throughout the country. In 1908 thirty of these organizations met through their representatives and founded the National Association of Real Estate Boards. This contact with each other seemed immediately to give all of those involved a new vision of what their vocation might become. They recognized that their immediate problem was to organize the whole vocation, and this they proceeded to do. In the course of eighteen years real estate boards have been organized in practically every city in the country, and today

there are six hundred real estate boards in the United States and Canada on the rolls of the National Association.

It was not many years before the leaders in the real estate vocation realized the necessity for the formulation of a definite group of standards, a code of practice, which would stand as the expression of the group consciousness and which would present to the entire vocation the ideal of service, the ideal of the new century, the ideal of business for the community as well as for the individual.

This code of ethics has proved to be a dynamic and not a static one, as has been the case with the codes of ethics of other organizations. As the thought and the ideals of the leaders in the vocation progressed, the code has grown, has enlarged the scope of its application, and has risen constantly to a higher point of view. Today it is a very simple and straightforward statement of the obligations imposed upon the members of our association.

This obligation is threefold in character: first, the obligation to the vocation as a whole; second, the obligation to the competitor; third, the obligation to the client whom one represents, and to the public with whom one deals. A brief summary of the contents of this code will be the extent to which the real estate vocation as a whole is governing the conduct of the real estate business by placing before the men who are engaged in it an ideal.

Ethics of the Profession

THE FIRST part, which has to do with professional relationships, sets forth that it is the duty of the realtor to share the lessons of his experience with others in the same vocation; that it is his obligation to settle controversies with other realtors by arbitration; to submit to the officers of his board all pertinent facts which are charged with unethical practice to avoid criticisms of the competitor; to let a competitor's transactions alone and to respect his competitor's clientele.

The second part of the code sets forth the realtor's duties to his clients. As a rule, a real estate man is, under the general law of agency, the legal representative of the owner. He is directed, however, to be fair to a purchaser or tenant, although his primary obligation is to his client. He is forbidden to buy for himself property entrusted to him for sale, without first making his position clearly known to his client.

He is forbidden to give off-hand opinions as to values, and is directed to render such opinions only after having collected the necessary data and formulated them into a reasoned judgment. He is forbidden to accept commission, rebate, or profit on expenditures made for the owner without the owner's full knowledge and consent. He is directed to have a written contract with his client, setting forth clearly the obligations of each party, so as to eliminate the errors and misunderstandings that arise from purely verbal agreements.

He is directed not to enter into an exclusive contract to sell property for an owner

unless he is prepared to render an adequate service. He is directed to render appraisal services in a professional manner, regardless of expediency or instructions from clients that might tend to warp his judgment.

The third part of the code sets forth the relationship of the real estate man to his customers and to the public. It recognizes that the good transaction is the one which benefits all parties concerned in it, and that it is the obligation of the realtor not only to serve his client, the owner, but also to serve and have due regard for the interests of the buyer and the public. In this part of the code, therefore, the realtor is directed to protect buyers and the public against fraud and misrepresentation; to offer property solely on its merits without any exaggeration or misleading representation; to have in hand exact data concerning all property offered, so that he may inform buyers and the public accurately.

That the code is more than a mere pious expression of good intentions, is indicated by the fact that it is obligatory upon each of the real estate boards affiliated with the National Association to adopt the Code of Ethics formally as a part of its by-laws and to enforce the code on its individual members without fear or favor, on penalty of expulsion from the Association.

An increasing number of our boards are establishing regular committees before whom any person who has a complaint against any member of the Board has an opportunity to state his case and to have any wrong that has been done righted without the delay and expense involved in seeking legal redress.

We shall not try to usurp the functions of the courts, but we shall by the discipline which we impose upon our own members and which they impose upon themselves through our local organizations strive to rectify every wrong that is done in violation of the standards the vocation has established.

Progress has also been made in the use of arbitration of differences that arise between members of our vocation and of our local boards. The National Association is therefore heartily in accord with the movement represented in the Federal Arbitration Act, and by the new arbitration laws such as those in the states of New York, New Jersey, and Oregon. Certainly the ability to settle internal differences with good humor and with fairness is a test of the ability of our business, or of any other, to govern itself.

How Our Ideals Work Out

ANOTHER example of the way in which the establishment of standards and of ideals is enabling the real estate vocation to govern itself is found in the activity of our Home Builders and Subdividers Division.

The organized real estate vocation has participated, through national committees and committees of local boards, in developing a realization of the need for city planning and in producing feasible city plans adapted to the peculiar needs of the American city. We feel, too, that we have had

no small part in bringing about the ideal in subdividing of the consideration of the interests of the future community. We believe that we have had a part in creating the desire for beauty, sunlight, and playgrounds in our American cities.

We realize that city planning and zoning, involving as it does, the regulation of property in the hands of its owners and users, must necessarily depend upon governmental powers for its effectiveness, but this is, in fact, not a regulation of the real estate business as such. Here is a point we recognize where the community must step in with its governmental powers, because real property is so widely and so variously owned and its uses are so multitudinous that only law can bring a stability to growth and values. With regulations established and the various uses of land defined, we feel that the realtor can function freely.

When Government Stepped In

THE MOST numerous cases of legislative effort to control the activities of real estate business came in the train of the Great War, with its consequent housing shortage. Here and there governmental agencies were established to control rents. How efficacious this regulation was, no one can say. On the whole, we have always doubted whether it was necessary. Certainly the necessity disappeared when the war was over.

A typical example of this attempt at control is found in Washington, D. C., where the Federal Government's Rent Control legislation was in effect. Its operation was largely perfunctory and probably did as much to retard the building of housing facilities as any other one factor. When the extension of this control was proposed, the real estate business, through the Washington Real Estate Board and the National Association, protested, representing that the need for such control had passed and that there were or could be created more effective agencies through the real estate vocation than that established by governmental legislation. The point was well taken, and the legislation was not extended. The results have satisfied even those who were at the time in favor of rent control legislation.

This control by the establishment of standards, instead of by governmental regulation, must anticipate the demand for a solution of the problems with which the business is concerned. The real estate vocation today recognizes this responsibility, and the best trained and the most experienced minds in our vocation are constantly studying these problems.

We recognize, for instance, the need of establishing long-term credits for home buyers on a more adequate and on a less costly basis. While there is, generally speaking, sufficient first-mortgage money available, money for second mortgages is scarce and almost universally costly. We believe it possible to develop more liberal and less costly sources of adequate credit for the home buyer, and we hope that we shall be able to establish standards for the conduct of the business of junior financing which will represent a fair attitude toward the man who is trying to bridge the gap between his resources and the home he needs. We believe, furthermore, that we are now handicapped in arriving at this solution by some of the legal regulations which, having been long established, are antiquated or inadequate.

Through our committees we are cooperating with the Department of Commerce of the

United States and its Bureau of Housing and Standards in the effort to reduce the cost of homes by eliminating wastes and standardizing building materials.

The home-building industry is still largely unorganized and chaotic. Most homes are built by men having small capital and poor technical equipment. When homes are built by well financed and strong companies, they can be constructed more efficiently, more durably and more cheaply with as much or more variety, individuality and beauty.

Solving Small-Home Problem

OUR committee on housing is studying assiduously these problems so as to formulate practical, and at the same time ideal, standards with which in the future builders of small homes will be forced of necessity to comply. These are the problems with which our everyday activity makes us thoroughly familiar.

We are certain that we shall arrive at the solution with greater celerity and with greater surety if we are left to govern our own activities, to maintain individual initiative, and to retain fully, without interference by bureaucratic authority, the opportunity to serve, not only our vocation, but the public at large in the creation of better homes made available to larger numbers through economical building and more adequate and more equitable financing.

Our association has some twenty-five thousand active individual members. Over these we can exercise a measure of effective control with respect to their business activities. There are, however, in every community, men who transact real estate business who are not members of a real estate board, either because their qualifications will not permit it, or because their transactions are of such an occasional nature that they do not desire it. During periods of real estate activity we always note a great influx of new people into our vocation. Over these our control is weakened. While our standards tend to become universal, they may be anywhere ignored by an individual for a short time. This fact carries with it certain dangers to the public. Real Estate is surrounded by more legal technicalities than any other form of property.

Errors Often Prove Serious

ERRORS in negotiations or in the conduct of a real estate transaction, are often an exceedingly serious matter to the parties at interest. Those who rush into the business without adequate preparation or without experience or whose moral background and past record is such that they are not qualified to represent the interests of others faithfully and efficiently, constitute in many cases a real menace to the public.

To safeguard the public against this type of real estate dealer, our association has advocated the adoption of real estate license laws by the various states. Twenty-two states have now adopted a model real estate license act prepared by the National Association. This law is founded on the assumption that the real estate business is to some extent impressed with a public interest, and that the man who enters it must often act in a fiduciary capacity. The law provides, therefore, that only men of established reputation and good character shall be licensed to conduct a real estate business.

An administrative commission is empowered to take such steps as may be necessary to satisfy itself with respect to the character and honesty of any applicant for a real estate brokers license, and, in some

states, the Commission is authorized to set up and enforce certain educational qualifications. Malpractice or dishonesty of any kind, when proved, will subject the licensee to the loss of his license. The law is, in effect, an extension of the police power to a new field. It is noteworthy, however, that the law does not in any respect attempt to regulate the real estate business as such. It attempts to select only the personnel which may enter the real estate business, and, for the public's protection, seeks to maintain that personnel on a high basis.

The enactment of this law in twenty-two states and its probable enactment in other states, is in no respect an attempt to limit the number of men who may come into our vocation. In fact, we welcome all men of good character and honorable intentions who desire to come. We believe, however, that since the buying of a home, or almost any other real estate transaction, is in the great majority of cases the most important financial operation which any American family undertakes both in size and in meaning, the men who conduct the transaction should be beyond question men of character and integrity. That is as far as we go in this matter at the present time. Certainly this is not a regulation of the business. It is a measure which we have freely and voluntarily sought on our own account from state governments for the protection of the public itself.

Controlling Its Personnel

THE real estate business is so varied and touches our country's social and economic life at so many points that the array of quasi-public questions which might be discussed under the caption of this paper is almost endless. Some of the examples cited above, however, will, I believe, demonstrate that our vocation is making a sincere attempt to establish its own methods of control over its own personnel, and this attempt is increasingly successful.

We love our vocation. We want it to be respected and admired. We want our members to hold a dignified and honorable place in their communities. Men will do much to gain these ends. We believe if left to ourselves that we can justify and establish the thesis that our vocation is fit to govern itself.

American business men as they have gained in efficiency and success have developed a pride similar to ours in their various trades, vocations and professions. While they wish to make money, they also desire to leave a good impress on their businesses and on their communities. They want to be remembered favorably. We have seen how, during the past two generations, the American business man has raised the most gigantic wealth-producing economic structure the world has ever seen. We believe that the individual initiative, ingenuity, good brains, and civic pride that have made this achievement possible may be trusted in the future. Let the Government, therefore, work hand in hand with trade, vocational, and professional institutions.

We hope for a continuance of the present wise and far-seeing policy of the Department of Commerce in this respect. All of the trades and professions that I know anything about live entirely in the open. They have no secrets from the public or from themselves. They are organized for the intelligent coordination of public and private interests and can, we believe, be trusted in an increasing degree to govern themselves.

Coal Thrives When Let Alone

By WALTER BARNUM

President, Pacific Coast Company, New York, N. Y.



Walter Barnum

WRITERS are occasionally fond of using double titles. If it were my privilege to add a second title to the topic assigned me, the complete title would be "Self-Government in the Coal Industry, or, There Is No Coal Problem."

There is no more problem regarding coal than there is in the securing of a supply of clothing, bread, meat, copper or steel, unless it is unreasonably expected that these products will fly to each consumer on wings, upon the mere expression of a wish.

In discussing the production of coal with people not directly engaged in the business, a preliminary sketch is desirable, describing its nature and importance. I should first state that I do not speak for the anthracite industry, although I shall briefly refer to it.

The value of bituminous mining properties and their equipment and coal reserves has been estimated to exceed eleven billions of dollars, or roughly one-half the investment in all the railroads of the country.

On the same basis the anthracite industry has been appraised at nearly a billion dollars.

How Production Averages

BITUMINOUS production for a decade has averaged about five hundred million tons annually, and anthracite nearly ninety million tons.

Bituminous coal furnishes from twenty-eight to thirty-two per cent of the tonnage originating on American railroads, and adding thereto the coke and anthracite, we find that approximately thirty-eight per cent of their total tonnage comes from coal and coke, while this tonnage gives them one-quarter of their freight revenue.

The average freight revenue per ton from bituminous coal exceeds the average amount received by the producers for the coal f. o. b. mines.

To judge of their relative importance, note that of the country's fuel supply, bituminous coal furnishes 73 per cent, anthracite 11.5 per cent, fuel oil 10.3 per cent, and natural gas 5.2 per cent. It would take a train of fifty-ton cars long enough to reach three and one-half times around the earth to move the annual bituminous production.

The question of self-government in the coal industry may be dealt with under two broad divisions, namely, the moral and legal phase and the economic and physical aspect.

It is perhaps obvious that a discussion of self-government in the industry necessitates a discussion of the opposite, namely, government interference.

Under their general police powers the various states in which coal is produced have extensive mining and safety laws with which the industry cooperates to the fullest extent, and concerning the justice of and necessity

for which there is, of course, but little difference of opinion.

But federal regulation is a very different thing. Obviously only the Federal Government might attempt to regulate the coal industry nationally. Even business men who come frequently to Washington, perhaps do not appreciate the growth of and the efforts towards increased bureaucracy and the meaning thereof.

As to the cost of government meddling in industry, I believe there is today no room for argument in view of our war experience with the railroads.

The Question of Fact-Finding

REFERRING for a moment to the question of fact-finding, which to conservatives may seem innocuous, but as a matter of fact is a form of regulation. Briefly, the opposition of the coal industry is based solely on its compulsory feature and on the fact that no man can tell where it will end.

The Supreme Court has consistently held that fishing expeditions into private business are unlawful. To illustrate the direct cost and annoyance of such inquiries let me cite a recent case. The Senate Silver Commission a few years ago sent a questionnaire to silver mining companies. There were 750 questions set forth on bulky printed forms, each to be answered for each mine owned by each corporation for each of the past twenty years. An official of a zinc company with twenty mines, which produced only a small amount of silver, computed for me that 750 questions for each of 20 years for each of 20 mines required the answering by that one corporation of 300,000 questions.

Regulation of some industries has been fully accepted in this country, but it should be borne in mind that heretofore such regulation has been suggested only for industries falling within well-recognized definite classes. Furthermore, the authority and sphere of action of the federal government, limited as it is by the Constitution, should not be confused with the rights and powers of the individual states.

When Monopoly Is Granted

ESPECIAL attention should be drawn to the fact that in many cases, such as gas, light and water companies, an exclusive franchise or monopoly is given and earnings are protected in exchange for regulation.

The bituminous coal industry is not a monopoly, being highly competitive within itself and with industries providing other fuels. Bituminous coal is mined commercially by several thousand separate companies in thirty-one different states. No one corporate group of mines produces 3½ per cent of the total. Bituminous coal competes also with fuel oil, natural gas, anthracite and other fuels.

The anthracite industry is not a monopoly, for it competes within itself and with all the other fuels just mentioned.

Granted that there is no monopoly anywhere in coal, but that nevertheless certain persons are interested in seeing the coal market more steady and level than the wheat market, the clothing market or the steel

market, it remains to be considered whether mining coal is private or public business.

The claim that you can legally regulate and stifle the initiative of such a highly competitive private business on the ground that the product of the industry enters into interstate commerce must be abandoned, because of decisions of the Supreme Court, too numerous to quote, that mining or manufacturing an article that is to enter into interstate commerce is not a part of such commerce.

We come now to the second, and to my mind more interesting and constructive general sub-division of the question, namely, the physical and economic aspect.

In judging the coal industry we must never lose sight of the fact that we must produce coal where we find it, in the desert and the forest, the plain and the mountain ravine. We can not gather this activity under one permanent roof and manage it as Mr. Ford manages the production of automobiles.

Chart Shows Price Range

I PRESENT for your consideration a chart, prepared from official figures of the United States Bureau of Mines, showing the average spot price and average realization for the bituminous tonnage of the country, f. o. b. mines, for the past 10 years (page 24). I might point out that the line showing spot prices is a very different thing from the line showing average realization, as the former merely represents the price at which spot coal was available and applies only to a small part of the tonnage, while the latter is the actual average amount received for all the tonnage. Incidentally, these two lines illustrate graphically the wisdom of entering into fair and equitable contracts with the coal producer. It has been those who have refused to do this, who have thought it more clever in ordinary times to buy spot distress coal, who have been caught in time of stress.

It should be pointed out further that in the year of the highest prices on the chart, when quotations were three or four times higher than normal, these prices applied to but a fraction of the tonnage, for the average realization to the producer on the whole tonnage of the coal for that year only increased a sixth or seventh as much as the peak of the spot coal price. That, by the way, is official evidence that contracts were lived up to.

Coal Prices and Regulation

FOR TEN whole years before the war, and as a matter of fact for many years before that, when bituminous coal was not in politics and was not suffering actual regulation or even the threat of regulation, and when there was no transportation shortage, month after month and year after year the average price of coal f. o. b. mines was almost uniform, practically a straight line, no appreciable portion selling over \$1.25 or under \$1.00. Then came the extremes of war demand and war control—perfect convulsions compared with the period when economic law and private management, even through many difficult business cycles, kept

coal flowing steadily to consumers at a uniformly low price.

During the period covered by this chart, there is no year, even including the disturbed years, when the average realization for coal f. o. b. mines—that is to say, the amount paid by the American people per ton to the producer for the nation's coal supply, was not lower than the amount paid per ton at the mines in England, France, Germany or Belgium.

Fluctuations After the War

THE convulsions after the war were more violent than during the war period itself. This was the aftermath, when artificiality began to be thrown off and free competition and bargaining for coal and wages were resumed.

During 1917 we had priorities, then transportation shortage, and later price-fixing. In November, 1919, a six-week strike began, following the union's announcement that the miners were no longer bound by the contract signed in April, 1918, although that contract, by its own terms, was to run for two years, or until the end of the war, and no peace treaty had been signed at that time. President Wilson denied the war had ended, ordered the men back to work and secured the negotiation of a union wage scale, granting a 14 per cent increase in wages, later increased by the Bituminous Coal Commission of 1920 to 27 per cent.

It should be most carefully noted that that wage agreement provided for a uniform date of expiration in all union fields. Before, the war wage contracts expired at different times in union fields, and it had not been possible for the union to call a nationwide strike, even in all the union fields, which at that time were producing a major portion of the coal. Thus the Government itself made possible the nation-wide strike of union miners. Such strikes, however, do not carry the threat they formerly did, because of the increase of nonunion coal production.

Affecting the Price of 1920

IN 1920 the reduction in stocks following the strike in 1919, aggravated by the switchmen's strike, and still further by the speculation and business expansion of 1920, resulted in very high prices. These prices, however, returned to a nearly normal situation in 1921. The peak price of 1922 was occasioned by a strike of the United Mine Workers, following the arrival of the previously referred to uniform expiration date and the rejection of their demand for an increase to a wage scale already above the war-time basis. The situation was further aggravated by a sympathetic strike of railroad shopmen. After an attempt of the Government to bring about a settlement an agreement was reached on the basis of the existing high wage scale. The experiences of these years furnish an interesting illustration of the effect of governmental interference in private business. Since that time

the bituminous industry has been working its way toward industrial peace, through the free play of economic forces.

There is no coal problem, because the industry is efficient. It is efficient as regards collateral activities. It is efficient on an absolute basis, and it is efficient on a comparative basis.

To refer to collateral activities, I can but briefly state that the industry is cooperating in the development of efficiency in the use of coal, many producers employing combustion engineers for the benefit of consumers, supplying coals especially adapted for special purposes, developing special devices and putting forth other similar efforts.

In regard to excess productive capacity, concerning which so much has been said, I refer to the report of the Coal and Coke Committee of the American Institute of Mining and Metallurgical Engineers, compiled from original sources by a disinterested committee, wherein the productive capacity of bituminous coal is compared with the capacity of the iron and steel and copper industries.

Coal Not Over-developed

THE REPORT shows that from 1912 to 1925, inclusive, coal has had an average of 27 per cent excess capacity, iron and steel 30 per cent and copper 40 per cent. Further, that report said: "Using the ratio of annual production to Coal and Coke Committee estimated capacity shows that the coal industry is less over-developed than either of the other two, and if we use the ratio of the largest monthly production to either estimated capacity, that both steel and copper are much more over-developed."

It is significant also, that we cut by machine over three times as large a percentage of our coal as do the British, and produce three to four times as much coal per person employed in the industry as do the British, French or Belgians.

That spells efficiency.

I have not heard of prominent coal operators and engineers from the United States visiting foreign countries to study the effi-

ciency of their coal industries, but it seems to me significant that an imposing list of such people and of commissions from abroad have visited this country to study our coal industry.

Now to sum up:

The anthracite industry, no matter what the labor leaders say, has adopted arbitration and a continuing contract for five years.

With two-thirds of our bituminous production coming from nonunion fields there is no prospect of any serious disturbance in that industry. We have 9,000,000 tons weekly of nonunion capacity, or about 80 per cent of the country's requirements, supplemented by other fuels.

Our Common Pool of Fuel

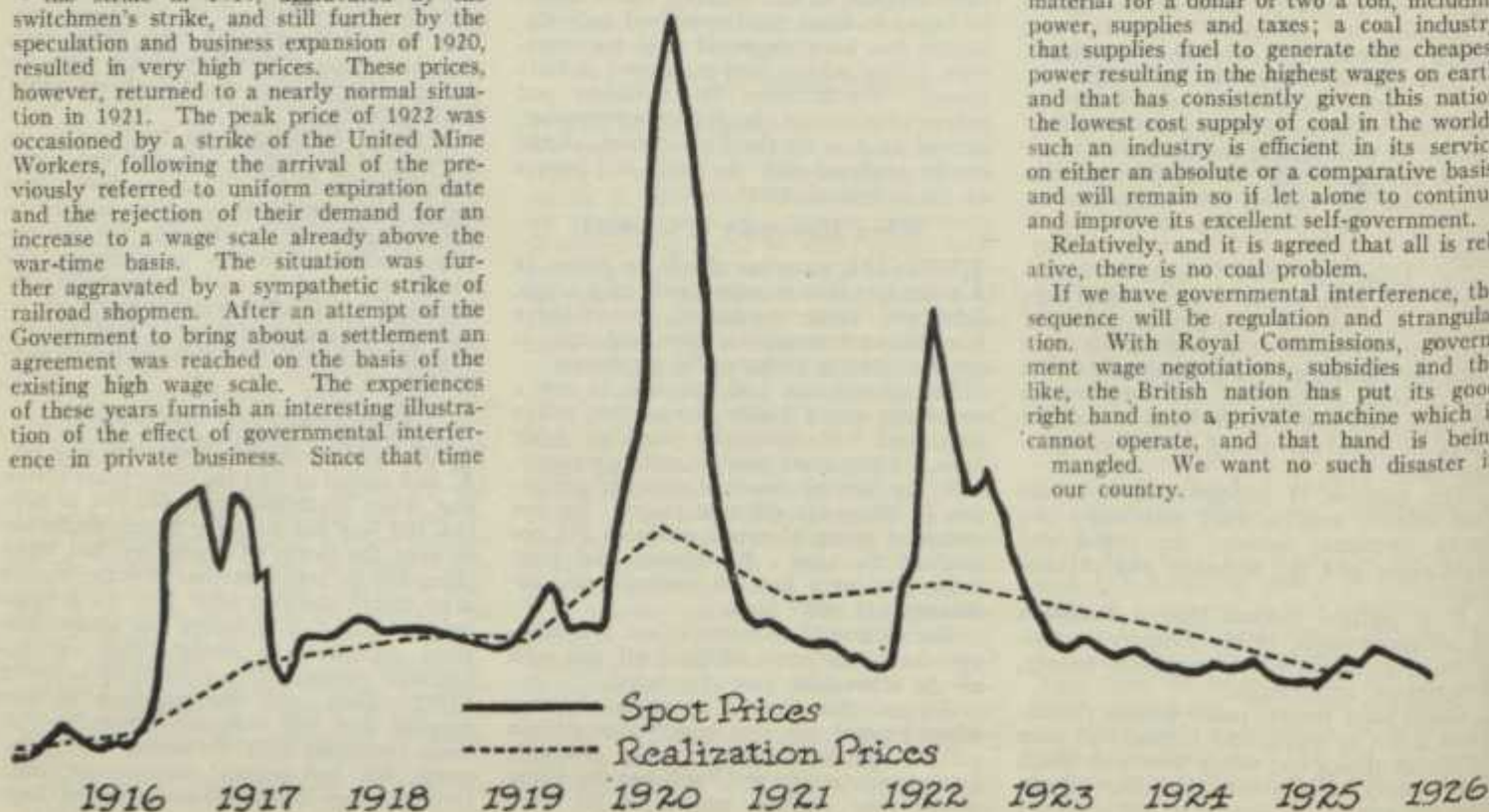
NEW processes and methods of use have made and are making our fuel supply more flexible and interchangeable, so that more and more we will come to have a common pool of fuel, just as for practical purposes there now is of electricity.

In the bituminous industry we have a widely distributed productive capacity, more and more impossible to tie up nationally, and balanced by natural causes and wage differentials between union and nonunion fields.

A coal industry that in spite of natural difficulties is less over-developed than many other basic industries; whose percentage of coal cut by machine is three times that of England; that produces three to four times as many tons per annum per person it employs as do the coal industries of England, France, Germany or Belgium; that is constantly visited by distinguished engineering and operating foreigners to study its methods and efficiency; that is equipped with the most modern and heavy electrical, cutting, loading, conveying, hauling, hoisting, pumping and ventilating devices; that is constantly inventing new machines for economical production and for safety, as well as cooperating in improvements in combustion; that owns, develops, equips and timbers, mines, hauls miles underground, hoists, cleans, sizes, loads and supervises a ton of material for a dollar or two a ton, including power, supplies and taxes; a coal industry that supplies fuel to generate the cheapest power resulting in the highest wages on earth and that has consistently given this nation the lowest cost supply of coal in the world; such an industry is efficient in its service on either an absolute or a comparative basis, and will remain so if let alone to continue and improve its excellent self-government.

Relatively, and it is agreed that all is relative, there is no coal problem.

If we have governmental interference, the sequence will be regulation and strangulation. With Royal Commissions, government wage negotiations, subsidies and the like, the British nation has put its good right hand into a private machine which it cannot operate, and that hand is being mangled. We want no such disaster in our country.



Washington Can't Do It All

By OGDEN L. MILLS

Member of Congress from New York



HENRY MILLER PHOTO
Ogden Mills

THE TAX problem of the future will no longer be one of federal but rather of state and municipal finance. Ever since the war, the attention of the taxpayers has been fixed on Washington, their insistent demands for relief have been aimed at the Federal Government, and the results have

been eminently satisfactory.

Expenditures have been reduced to bed rock, and taxes cut to a point where, either from the standpoint of rates or of total volume, they no longer constitute an excessive burden for a nation as rich as ours.

One Factor in Tax Reduction

THAT this satisfactory condition will in the main continue for the immediate future at least, is subject only to one important reservation. Federal expenditures will not be held down if the recently instituted practice of giving aid to the states is broadened to cover an ever-widening field of activities, a practice which is being strenuously and persistently urged by special groups striving for immediate results by "go-getter" methods, and which is open to two very serious objections:

First, it makes it difficult to measure the true cost of federal functions.

Second—and most important—it undermines the most fundamental and the soundest principle of our whole governmental structure, that of home rule, with all that it spells in the way of responsibility and of local and individual self-reliance. Centralization in the United States is the enemy of good government.

But while our eyes have been turned to Washington and we have been voicing our satisfaction over the accomplishments there, we have failed to note what was happening at home. Gratified with the steady reduction in the cost of the Federal Government, we have been neglectful of the fact that the costs of state and local governments were rising so steadily as to offset and wipe out practically all of our gains.

Far from being lower, our total taxes were actually higher in 1924 than in 1923, and only 127 millions lower than in the peak year, 1919.

While federal taxes were reduced from 5,069 millions in 1919 to 3,095 millions in 1924, or a reduction of 1,974 millions, state and local increased from 2,965 millions to 4,812 millions, or an increase of 1,847 millions. One is almost tempted to say, "What's the use?" Between 1919 and 1924 state taxes increased 87 per cent, local 56 per cent and federal taxes declined 39 per cent.

The difference between the rate of increase of state and local is easily explained by the larger contributions made by the states to functions once almost exclusively financed locally, such as education and the construction and maintenance of highways.

Federal taxes per capita amounted to \$27.77 in 1924, as compared with \$48.27

in 1919, to \$119.08 per family in 1924, and to \$211.72 in 1919; state and local were \$28.26 per capita in 1919, and \$43.22 in 1924; \$123.84 per family in 1919, and \$185.15 per family in 1924.

There is one great evil to be noted in connection with the decrease of federal taxes and the increase of state and local, which I might as well mention at this time. If we had our choice as to which group were to be reduced, I would favor state and local, though I would except from this statement those federal taxes the rates of which have been reduced not so much from the standpoint of the reduction of the tax burden as from that of sound economics and the fixing of the rates at a point where they can be collected.

Generally speaking, federal taxes are fairly well divided between direct and indirect, and give recognition to the principle of ability to pay. But our state and local tax systems are inequitable, unscientific, and fall to a very large extent on one form of property—over 90 per cent of the \$3,478,000,000 of local taxes rests on real property—and disregard to a very great extent the ability of different classes of taxpayers to contribute to the support of government.

As a result of economy in Washington, the rates of a fairly well devised and reasonably scientific tax system are coming down, while, on the other hand, those of an unbalanced and unfair state and local system are rising, increasing existing inequalities and injustices.

Considering taxation in relation to national income, which, after all, is one of the most important factors in estimating the weight of the burden, we find that taxes took 12.5 per cent of our gross national income in 1924; 11.8 per cent in 1923; 10.9 per cent in 1922; 13.3 per cent in 1921; 11.9 per cent in 1919; and 6.9 per cent in 1913. So that, even insofar as the national income is concerned, in spite of federal economies, total taxes today constitute a greater drain on our national resources than in the year 1919.

Startling Facts Brought Out

TURNING now to public expenditures, the facts are even more startling. Tax receipts are frequently confused with governmental cost. As a matter of fact, they do not by any means correspond. Year in and year out governments, generally speaking, spend much more than their current revenues, the difference as a rule being made good from the proceeds of borrowing. Total expenditures by federal, state and local governments aggregated in 1924 \$10,252,000,000, or about a sixth of our national income. While there was a decrease of \$385,000,000, or 10.6 per cent of the cost in running the Federal Government in 1924, as compared with 1923, there was an increase of \$492,000,000 in the disbursements of all state and local governments, making a net increase of \$107,000,000.

How were these expenditures financed? We find that in 1924 local governments were responsible for 32.7 per cent of total expenditures, but raised only 47.4 per cent of total taxes; state governments were respon-

sible for 15.5 of expenditures, but raised only 13.5 per cent of taxes; the Federal Government, on the other hand, was responsible for 31.8 per cent, or less than one-third of all public expenditures, and raised 39.1 per cent of all taxes.

This makes it entirely clear that, while on the one hand the Federal Government is paying off its indebtedness by spending less than the amount received in taxes, states and municipalities are not only exhausting their tax revenues, but are resorting to bond issues to finance additional expenditures, apparently neglectful of the fact that in the long run, borrowing is the most expensive method of public financing.

From 1913 to 1924, the net indebtedness of state and local governments increased from \$3,822,000,000 to \$11,652,000,000, while in 1925 securities aggregating \$1,391,000,000 were issued. In the meanwhile, the national debt has been diminished from \$25,482,000,000, on June 30, 1919, to something less than \$20,000,000,000 today. New York State has been one of the worst offenders. Our state debt has increased from \$236,000,000 in 1921 to a point where, if we include bonds recently authorized but not yet issued, it reaches the stupendous sum of \$780,000,000.

We find, then, by studying all of these figures that the Federal Government has been steadily reducing expenditures, taxes and the national debt, but that, on the other hand, all that it has succeeded in accomplishing in these three directions has been about wiped out by the upward tendency of expenditures, taxes and borrowings of state and local governments.

That the Federal Government has probably gone as far as it can for some time to come, is, I think, true, though the national debt will continue to be redeemed not only by virtue of the sinking fund provisions of the law, but from such surplus revenue as may appear from time to time, to which must be added payments on the debts owed us by foreign governments.

A contrary course of events in states and municipalities may call for explanation, but does not of necessity merit the criticism and condemnation of local authorities. High taxes and a high cost of government do not of necessity imply uneconomic expenditures by the community as a whole, in spite of the very natural resentment which the individual feels at the increased encroachment by government on his personal resources.

Willing to Pay for Service

UNDER complex modern conditions, governments must undertake responsibilities which in simpler days could in safety be left to private individuals; while, on the other hand, it is unquestionably true that the people want, and theoretically at least are willing to pay for, more and better service from their governments.

As I see it, the problem resolves itself into the questions of what services government under existing conditions can perform better and more economically than private individuals; whether our governments are performing such functions as

they have assumed with economy and efficiency; and, finally, whether the cost of these services is being financed in the soundest and most economic way, and so as to distribute the burden fairly.

Generalization is obviously impossible, and these questions can be answered only by careful and thorough inquiry in each particular instance.

Does Not Mean Extravagance

IN THE case of the cost of functions already assumed by the Government, the mere fact that we are expending a greater amount of money for a particular service does not necessarily mean that there is waste or extravagance. Whether these exist, can again only be ascertained by businesslike investigation. This is likewise true of the problem of financing. Whether an improvement should be paid for from current revenue will depend upon the character of the improvement, the length of its life, whether the capital expenditure is a recurring one or not, the state of the public finances and credit, whether the people are overburdened with taxes, and whether existing tax rates bring in more revenue than is needed for current purposes. But, generally speaking, it is infinitely better to finance a non-productive investment from current revenue, than to mortgage the future.

If we study the expenditures of state and local governments, we find that in 1923, out of a total of 6,497 million dollars, 1,848 million dollars, or 28.4 per cent, was spent for education; 1,330 million dollars, or 20.5 per cent, went for highways; 1,072 million dollars, or 16.5 per cent, was devoted to debt service; 440 million dollars, or 6.8 per cent, went to defray the cost of protection of persons and property; 399 million dollars, or 6.1 per cent, was expended for public service enterprises; 358 million dollars, or 5.5 per cent, for overhead; 313 million dollars, or 4.8 per cent, for the conservation of health and sanitation; and 303 million dollars for benevolent and correctional institutions.

No one will deny that we must have highways and an adequate educational system; but whether in both of these fields we are getting a full return on the money spent, is the question which remains unanswered today. The real problem, as I see it, is not so much whether we should decrease or increase our governmental activities, but

whether we could not get what we are getting today from government for a good deal less than we are paying; and from my—to be sure—very limited experience, that is a very live and real question.

In the second place, I want to call your attention to the fact that debt service constituted the third item in the total amount of state and local expenditures, and that the sum expended for interest and debt retirement in 1923 practically equaled the value of the total bonds issued that year. States and localities have made such free use of the borrowing power that the billion or more of bonds which they sold in 1923 did but little more than just compensate them for the amount they were obliged to pay for debts already incurred.

The ultimate cost of financing public expenditures by borrowing is one which politicians, generally speaking, refuse to take note of; and the subject is a little too complex for the average man to bother with. It constitutes, nevertheless, an enormously important problem. At 4 per cent, the cost of borrowed money increases 10 per cent of the principal for every five-year period of the life of the debt; so that over a fifty-year period the total cost will be over 102 per cent of the principal, or more than double what the improvement would have cost were it financed from current revenue. For purposes of illustration, let us consider the cost of financing \$10,000,000 of public improvements annually by the issue of twenty-five-year, 4 per cent straight serial bonds.

Figuring Cost of Service

DURING the first year, \$10,000,000 will be received from the sale of the bonds.

The interest amounts to \$400,000, the cost of redemption to \$400,000, or a total debt service cost of \$800,000, thus showing an apparent saving of \$9,200,000 over the cost of financing from current revenues. By the end of the tenth year the increasing cost of the debt service will have reduced this apparent saving to \$2,720,000 a year, and at the end of the fourteenth year it will have disappeared entirely.

Thus, in the fifteenth year, debt service charges will amount to \$10,320,000, or \$320,000 in excess of the amount received from the sale of the bonds. In the twenty-fifth year, the debt service will have grown to \$15,200,000, so that the state will actually

be paying out \$5,200,000 more than the cost of financing from current revenues.

At the end of the twenty-fifth year, the state will have received \$250,000,000; it will have paid out in debt service \$218,400,000; showing an apparent saving of \$31,600,000, which is much more than offset by \$120,000,000 worth of bonds still outstanding, that will call for an additional expenditure of \$161,600,000 until finally retired.

The total cost will amount to \$380,000,000, as against \$250,000,000 by current financing. To be sure, we will have succeeded in shifting a part of the burden to the next generation; but even insofar as this generation is concerned, after the tenth year, the saving becomes negligible, and after the fourteenth year the borrowing method actually will result in higher rather than lower taxes.

The second question which I want to leave with you, then, is whether our states and localities are not making too free use of their credit, and whether it wouldn't be wiser if more strict regard were had for the pay-as-you-go principle.

The conclusions which I draw from all this are that we are confronted with three very definite questions: First, whether the costs of our state and local governments are excessive, judged from the standpoint of whether we could not get the present service at lower cost; second, whether existing methods of financing these costs are sound economically; and, finally, whether our state and local tax systems are not in need of a thorough overhauling in the interest of a fairer allocation of the burden.

There is no one answer to these questions. They must be asked separately in every state, and practically every community. Moreover, they are recurrent questions that have to be asked and answered every year.

Advises Close Supervision

MY ADVICE to you business men is that, in view of the enormous cost of state and local governments today, you make it your business, either through existing public agents or existing party machinery, or, failing those two, through agencies which you yourselves as taxpayers create, to subject the expenditures of your government authorities and their methods of public financing to that constant supervision and scrutiny without which even the best of institutions deteriorate and become inefficient.

Industry's Task in Taxation

By WILLIAM FORTUNE



HARRIS & EHRING PHOTO
William Fortune

TAXATION has become the biggest born creature of government. It is consuming so prodigiously that it is taking strength from the productive elements of life and may seriously weaken the body it feeds upon unless it can be restrained.

The signs of danger are before us. The demands of local governments are running ahead of the apparent growth in national income and are swelling out of proportion to the increase in population. In

1917 the average per capita cost of government in 248 cities was \$19.07. Eight years later it was \$35.76. The total debt in these 248 cities amounts to \$105.71 per capita. It is significant that the curve in local expenses continues to be upward.

President Coolidge sees the danger, and as a wise leader has frequently directed attention to the need of restraint. There is the ring of Providence in his voice of caution. The millions who are paying the billions of money feel and know that he is pointing to the most vital problem of our times. The millions who give must force heed upon those who take.

The cause for alarm is made significant by the President's statement that the burden of taxation in our country has grown

to such enormous proportions that more than seven millions of our people must earn five dollars a day for three hundred days of the year to pay the amount required for public expenditures. Statistics show that more than one-fifth of all national income is being absorbed in taxes.

The President has said that tax collections have grown to over ten billions annually. And yet this isn't enough. This behemoth of democracy, called Taxation, seems insatiable. His growing system calls for more and still more. He is feeding on the future by adding to indebtedness of local government around a billion dollars a year.

Already the burden put by public expenditure upon every individual in our country

has been made nearly six times heavier than it was when the young voters of today were infants, and according to the best available statistical information the total volume of taxation has increased from \$875,000,000 in 1890 to \$7,907,000,000 in 1924—an increase of more than 800 per cent in thirty-four years.

How much more can be piled on sagging backs? Shall we go on adding to the load until we break down the burden-bearer?

While the main purpose of this discussion will be to direct attention to local expenditures, it is of enough importance to mention that there is an instance of what more may be done in a big way to eliminate waste, improve efficiency and to get service more nearly worth its cost in the realm of the Federal Government.

Passage Into Law Urged

IT IS the opinion of Representative Davey, of Ohio, that a half billion dollars a year can be saved under the provisions of a bill introduced by him and now pending in the Congress, proposing to enlarge temporarily the power of the President of the United States for the purpose of accomplishing reorganization of government service, and providing for the elimination of useless government employees and departments. It provides the most practical and effective plan yet offered for eliminating waste and inefficiency in federal government service. There is extreme need for its enactment into law.

There are complexities within complexities in the problems of both state and local taxation. We are tapping the reservoir in too many places. A tendency to create a multiplicity of local taxing districts has sprung from a variety of causes—sometimes to circumvent a constitutional debt limit, sometimes in an effort to secure freedom from existing political domination, sometimes for reasons of administration only.

The result has been to establish overlapping corporations, each within the bounds of the same district, placing its burden of taxation on the same properties. In a situation of this kind the individual taxpayer must turn to several corporations for relief. He is often confused and handicapped in his approach to the local tax problem. This constitutes a reason for the establishment of a superior body, such as a state tax commission, with power to see that the work of several more or less independent tax-levying bodies is properly coordinated with relation to the total tax problem.

Overlapping a Tax Evil

MUCH of the complexity of the whole tax problem is due to the further overlapping power of a multiplicity of state taxing jurisdiction. There is but one economic unit, and that is our country; but the power of taxation and expenditure is exercised by forty-eight separate and independent states with little regard for inter-relationship as it affects economic interests; and this forces upon business corporations doing an interstate business questions of serious import.

It violates economic principles, prevents fair competition, forces business to operate at a disadvantage in some instances, and results in waste that falls in some degree upon the whole country. The tendency of this is ultimately toward exhaustion of sources of revenue. There should be co-operation between representatives of the national and state governments in efforts to coordinate national and state taxation

systems so that duplication and inequities may be eliminated.

Much can be gained by substitution of good system of organization and administration, as developed by business experience to supersede antiquated methods of service. In many states time has brought no improvement, but instead has led into patching and extension of service without co-ordination or proper control. State, county, city, town and township government need thorough improvement. There have been some efforts to accomplish this, but few can be considered as thorough enough to be up to modern business standards. The most progressive move has been made in Illinois, where about a hundred departments were, by elimination or co-ordination, welded into a new system of operation. Thirteen states have recently initiated important reforms in simplifying their administrative systems by reorganization and consolidation of departments, bureaus, commissions and divisions.

Any governor who can bring about the adoption in his state of a thoroughly modernized system of efficient administrative service, will deserve from his people all of gratitude and honor that can be accorded him. He will become a memorable leader of an important new era in the history of his state.

There are some things that can be done regardless of antiquated constitutions and administrative machinery. All public expenditures can be brought under thorough and searching examination and complete authority can be given for recovery of misused funds. The duty of audit and examination should be compulsory and should embrace all public expenditures. The powers of the agency making examinations should be independent and ample. Responsibility should be absolute.

Budget Proved Best Device

THE best device thus far developed by experience for obtaining due consideration and understanding of contemplated expenditures is the right kind of a budget. There are budgets and budgets; some are incomprehensible and some are misleading. Such deserve swift consignment to the waste basket. Any one will know the right kind of a budget on sight. It is right when it can be understood; and if it cannot be understood, it probably isn't right.

Budgeting a government's financial operations means planning a government's work. A budget document, therefore, should represent a financial plan comprising estimates of expenditures that are proposed to be made for a given period—usually a year—and estimates of revenues to meet such expenditures. It should be all-inclusive as to revenues and contemplated expenditures.

The budget should show under uniform classifications of expenditure all the items that go to make up the total expense of conducting governmental services for the period in question and show what departments, bureaus or agencies are to perform the services. These estimates should be arranged so as to be made comparable to actual expenditures for the same services in one or more previous years.

The best practice requires that the budget be prepared by the Chief Executive and offered as a program of work which he proposes and for which he will be responsible. A budget message should accompany transmission of the document to the legislative body. A final necessary step in the making of a budget presented by the Chief Execu-

tive is the review and scrutiny by the legislative authority which levies taxes to fulfill the budget's revenue section and makes appropriations to fulfill the expenditure program. At this point opportunity should be given interested taxpayers in public hearing to pass judgment on the budget proposals.

The budget proper should be supported by schedules showing financial condition of the government, existing debt, sinking-fund requirements, proposed borrowings, and data showing cost analysis of certain enterprises.

A budget has broad, practical value. The preparation of it compels consideration of contemplated expenditures, and the thinking required by it will eliminate in the initial stages much that is unnecessary. Elementally the preparation of a budget has the merit of forcing responsible officials into an orderly beginning of their use of public funds.

It serves an opposite purpose. It affords opportunity to everybody to know quite clearly why taxes must be collected and how the money is to be used. Again it establishes orderly procedure. It doesn't force contention, but it gives a chance for criticism and opposition. If this does not appear at the right time, there is basis for the presumption that there is no opposition to the budgetary program of expenditure.

Business Must Be Brighter

AS A matter of fact, it often happens that there is cause for criticism and opposition, but the expression of it has been neglected by everybody, and so politics triumphs over business. Is this because there is more sense in politics than business? It seems so, but it doesn't need to be so.

Business is not merely what is going on commercially in the market places. Broadly, it embraces everything that materially concerns us, including even taxation and public expenditure. Politics is an appendage of business, but we have been letting the appendage wag the body. If there is too much government in business and not enough business in government, it is largely because business has tolerated imposition and fails to use its power intelligently for its own protection.

A business corporation can show its results for the most part in a balance sheet. Profits and surplus give the measure of success or failure. In the case of governments, however, profit is not taken into account; it is service that must be measured. Good reporting requires information as to (1) money expended, (2) persons employed, (3) volume of work performed, (4) work in prospect, and (5) unit costs of doing the work.

When the actual performance of divisions of government over a period of years is known through its reports, it will be easy to apply this information as measurements in reviewing budget proposals. With unit costs known, the budget can be made to show in its estimates from year to year so many yards of ashes and street sweepings to be hauled at so much per yard, so many square yards of asphalt paving or patch repair to be laid at so much per yard, so many patients to be hospitalized at so much per patient, and so on.

Without accurate "yard sticks," the public is at a great disadvantage in making intelligent appraisal of budget requirements. Large sums of money are spent yearly by civic organizations in making surveys and studies of governmental operations in an effort to find out what the government is

doing and what it is costing. Questionnaires, some requiring extensive and costly inquiries are sent in large number to chambers of commerce requesting facts which would be immediately available without spasmodic and expensive research if adequate reporting by governmental organizations were available.

The budget system, including public reporting, is essentially a business matter and should be on the program of every organization representing civic and business interest, for attention. It invites attention. It has come into existence for this very purpose. The budget affords chambers of commerce opportunity for very important service. It may be the most definitely valuable service they can render.

A Remarkable Tax Saving

SOME very significant work has been done. In one instance last year there was a saving of twenty-six cents in the tax-levy on each hundred dollars of property valuation, amounting to a total of about a million seven-hundred thousand dollars, without curtailment of the program of public improvement; and this was accomplished largely through a plan of financing recommended by chamber of commerce representatives. Through chamber of commerce attention to the local government budgets, there were other large economies, amounting in one year to more than twenty times the financial support given by the community to the chamber of commerce which rendered this service. This achievement affords a very substantial and definite answer to the familiar question from members who want to know what is being done to prove that the chamber is worthy of support.

Every taxpayer can be shown just how much has been left in his pockets as a result of what was accomplished by work on the budget. The head of a large company who was so absorbed in his own affairs that he did not realize what was being done by others for the benefit of the public, concluded that he would make a saving by reducing his company's annual contribution of \$2,500 to his chamber of commerce. When the chairman of the membership committee called on him and showed him that he had in hand about \$40,000 that would have been collected as taxes if it had not been saved by efforts of chamber representatives, the discussion came to a happy end.

Protests Without Real Effort

WHY HAS not all of the protest against waste and extravagance in Government been more effective? Why has not something been done in the way of checking the ever-increasing burden of local taxation? We have many vociferous leaders, but the plain truth is we are lacking in organized effort to express informed public opinion against the growing local tax burden.

Governmental spending bodies are organized for the very purpose of spending. Organization is needed for an intelligent exercise of reasonable control over spending bodies. While each citizen must be made to feel his responsibility as an individual to recognize the tax problem and work for its solution, it is true, nevertheless, that individuals must associate themselves in suitable organizations to do the most effective work in attacking the local tax problem.

In every community there should be organized effort. Farmers and home-owners may be able to make their efforts more profitable than time devoted to the task will yield in any other way, and yet this may be done without interference with other

duties. Where there is no organization in position to give due attention to representing the taxpayer's interest in public expenditures, one should be formed to undertake the work. There are, however, thousands of organizations already in existence that can make themselves more useful and better appreciated by giving effective attention to this task.

I have directed attention to expenditures rather than sources or systems of taxation. It is the expenditure of public funds that creates the tax burden, and reduction of expenditure is the only way to gain relief. Expenditure is the cause of tax burden; a scheme of tax collection thereby becomes necessary. This is not to minimize the importance of studying the kind and character of taxes.

But no matter how satisfactorily the system of taxation may be worked out, no matter how equitably it may be distributed, the burden of taxes will still be too great if every means has not been employed to reduce expenditures by elimination of waste and extravagance. Regardless of the incidence of taxes, the problem of reducing expenditures remains paramount. It is possible to work on a reduction-of-expenditure program before the tax system is overhauled, while it is being improved and after the improvement is made. There is no conflict; there is no hindrance; the certainty of gain always is in reduction of expenditures.

Chambers of commerce and others should study the organization of public business and urge the adoption of state and local governmental machinery, which has been shown by experience to be the most effective. They should insist on the most advanced type of budget and then make critical examination of all financial plans proposed. Finally, they should work unceasingly for the improvement of governmental reporting which automatically will call public officers to account for their stewardship of public funds.

Chambers Have Wide Field

CHAMBERS of commerce undertake to represent broadly the interests of their localities. They stand for business enterprise, civic betterment and desirable progress. They may be expected to view liberally and to support earnestly any wise public expenditures for advancement of the welfare of their communities.

They should not adopt a cheese-paring policy of cutting taxes merely for the sake of a lower rate regardless of its effect on public services; they will stand for cutting waste and unnecessary services but will stoutly defend expenditure for necessary services where there is no waste apparent.

Their membership embraces community leaders of the best experience and judgment and public spirit locally available for service. These are essential qualifications for voluntary advisers representing community interests in considering budgets for expenditures of public funds. Officials should welcome such capable assistance. It enables them to bring into participation in their responsibilities most desirable support. On the other hand, it opens to chambers of commerce opportunity to render service of more definitely recognizable benefit than can be seen in other less productive plans.

Much of the work of chambers of commerce has a value not readily measureable. A yard stick can be applied to a budget task, and if desired results are achieved, the benefits are sizable and realizable—tangible enough to need no optimistic imagination to comprehend their possibilities. Some in-

tensely practical and direct work of this kind in a chamber of commerce program will enhance acceptability of more vaguely general plans of intangible value, and will provide comprehensible answer to the inevitable inquirer who wants to know what has been done that it can be shown is worth what it cost.

It is service of direct benefit to all taxpayers of every community and for the good of the whole country. It is practical and patriotic endeavor to correct the most alarming faults in our Government. It may be the biggest task ever undertaken by an organization, but the objective will be worthy of extraordinary effort, and if successful, it will be a commendable, substantial and comprehensible achievement.

A Billion Dollars Wasted

IT IS possible to save from waste and extravagance in our Government as much as a billion dollars a year. To do this it will be necessary to cut from local taxation about 15 per cent; but if we include federal budgets, an average of less than 10 per cent will be enough to make up the aggregate saving of a billion dollars. It can be done, and it should be done, without eliminating anything essential and without retarding progress. It may be accomplished through wise economy and better efficiency. "Wise economy" does not mean indiscriminate opposition to public expenditure; it means that waste should be eliminated.

If every chamber of commerce striving for the welfare and prosperity of its locality will vigorously assume this task, it may be able to point to more substantial results than it can achieve in any other way. A widespread effort under the leadership and direction of a great national organization is needed. If the chambers of commerce of the United States can become the means of accomplishing even one-tenth of the possible saving, it will be no mean achievement to be able to show definitely that they have rendered service worth a hundred million dollars.

Any organization that can prove that it has rendered service worth a hundred million dollars a year will command great respect. Committees seeking accession to membership will be equipped with a new, forceful and understandable appeal to reluctant and hard-headed citizens who have heretofore failed to be convinced of their duty to support organized civic endeavor. Even a hundred million dollars impresses some people. But frankly, figures are used only to give tangible form to an important task and to make it comprehensible to everybody. Lurking unrevealed within the bigness of figures is the hope of far greater possibilities for the good of our people and our country. The gain from success will be vastly more than may be realized from merely pecuniary benefits. It will be revealed in a new era of wiser living.

Sounding the Battle Cry

IF THE twenty-eight hundred chambers of commerce scattered over the United States and the 900 other business organizations associated with the United States Chamber of Commerce, embracing about eight hundred thousand members, join in the battle against waste and extravagance, something is going to happen. Waste and extravagance and taxes will soon go down. Wiser living and better general prosperity will soon begin to go up. Our country will be better for the renewed and the needed interest in it, and conscious participation in its affairs by citizens who have too long been neglecting their patriotic duty.

Europe Needs Time—And Brains

By Sir JOSIAH STAMP



HENRY MILLER PHOTO

Sir Josiah Stamp

IN THE solution of our various economic problems, nation by nation, we are always faced with various choices, and it is impossible to get the best of both. We are fond of trying to get the best on one side one day; and next day the best on another;

but there lies before every nation a choice; and having once made a choice, it does not become us then to squeal every time the advantages of the contrary direction come to light. We have chosen one road, well knowing that the other road has certain attractions, and that it lacks certain disadvantages of the road we have chosen. Why then, continually harp upon the fact that other people have the advantages of following the other road?

Economist Replaces Diplomat

INTERNATIONAL affairs, and particularly reconstruction, are now having brought to bear upon them a variety of thought and action. The day has gone by when things like that can be solved by diplomats or politicians, or governments, or even by prophets and poets or even bankers; and it is time that commercial views became absolutely focused to the front.

The International Chamber of Commerce is the great mouthpiece of commercial thought, commercial deliberation, commercial policy, and its responsibility is far beyond its age.

You know, I think that it is very easy to dodge our responsibilities; but we cannot dodge the consequences of dodging our responsibilities.

Three stages in reconstruction have already emerged from watching the progress of various problems since the war—essential and successive.

The first stage is recognition; the second is construction; and the third is fruition.

It is essential that, first of all, in any problem of reconstruction there should be a widespread and complete recognition of the fact that a state of affairs exists that will not mend itself; that there is necessary to be brought to bear upon it concerted thought, cooperative thought; and that all that we can contribute from all sides is necessary to mend matters; that mere drift, mere desire, mere political action, cannot accomplish anything, but that somebody has to settle down and work it out.

The second step is construction. Obviously there must be, too, a settled scheme of action, which must take into account economic facts, racial facts, political facts and all the facts; and without doing violence particularly to the economic and psychological facts, a plan must be, roughly, practicable, and must be ready for proposal and adoption by those concerned.

The third stage is the hardest of all. That is waiting for fruition. The Dawes plan, in my judgment, represents the state of affairs in the third stage. First of all you had realization and recognition in 1923 that something had to be done, that drift

was leading to anarchy, and that the thing could never cure itself.

The second stage came when Owen Young lay at an obtuse angle in an armchair and exploded thoughts all over the ground which I had to pick up and put into words.

But the third stage is the fruition stage, the stage that requires endurance and patience, and patience once again, because when you have put your scheme into effect it never begins to function straight away on the happy side. The convalescence is a painful one.

There are also the stages that give rise to doubt, particularly on the part of those people who look at a thing from day to day to see whether it is growing.

Let us deal with the Dawes report honestly. I deprecate this kind of morbid examination of a thing from day to day, doubt whether it is going to do this, or that, or the other thing, and wondering whether it had not better be abrogated, and so forth, and judging whether it is successful forthwith. Since the Dawes plan itself contemplates a period of time, give it time without all this apprehension that every kind of evil is going to flow from it.

Let us get out of this habit of pulling a thing up by the roots to see how it is growing.

When we look at France in relation to the problem of reconstruction, recognition, construction, and fruition, we are obliged to confess that France does not seem to have reached even the first stage. I say it sadly, and with all sympathy for that great country. At present it is not realized universally that in the hands of politicians, in a system such as the French have, a delicate problem such as they have to deal with can never find a successful end.

Therefore, if we can, without discouraging our French neighbors, lead them to feel that the political machine is not the proper machine for handling a delicate economic problem of that sort, but that some kind of additional aid is needed. Until there is a real demand for economic thought, and not an intolerant thought, as there is today, there will be little progress.

France and Her Budget

ONE feels that France is up against a very difficult problem, a much more difficult problem in planning her budget, than you in balancing yours, or England balancing hers because the difference between balancing a budget on a reasonably stable price level and balancing a budget when the price level is moving fast is the difference, it seems to me, between hitting a target in a closed gallery and hitting a moving object with a cross wind.

There are technical reasons why it is a matter of very great difficulty; and France, it seems to me, has neither the political machine, nor, at this time, an adequate administrative machine, and a not too enthusiastic taxpayer to assist the administration.

It seems to me that in those two things it adds to its difficulties, and some time must elapse before it can cope with them successfully. Then, when it does and fruition comes, France will need all our sympathy and all our patience, because of the

reaction of the stabilization of her franc, the reaction from the realization of her people as to what has actually happened to the past savings. Those things may bring about changes in France which we will hardly realize. Then she will need our help and sympathy.

I consider that England has passed extremely successfully, with very great difficulty and privation at the time, through her financial difficulty. She has balanced her budgets, stabilized her currency, and now she is in the third stage, a very difficult stage, the stage of fruition, where a great deal of patience is required. The last stage of her financial readjustment is over, with a drop in the price level of 15 per cent in the last twelve months. That is an extraordinarily difficult handicap for industry, particularly industries such as the coal industry, where the other side of the account, in the purchase of raw materials, does not also reflect that same drop; but where the other side of the account is mainly made up of items such as wages, for which there is no ready means of corresponding adjustment, and for which, when the adjustment is tried, or any suggestion of the adjustment being necessary is put forward, every kind of natural and human obstacle is raised.

The State of British Coal

THAT is the kind of proposition England has been brought up against most acutely in the coal industry. Before that period the coal industry was already in an uneconomic state. It may be interesting to you to know what I think is not thoroughly realized on this side, that there are more people actually employed in the coal industry today than there were before the war, although the output required by the world, and by ourselves, from one cause and another is less.

It is demonstrable that the industry is not economically sustainable upon its present scale. At the present time coal from the whole industry is being mined at a loss, and the wage earners are taking the whole profit with one or two insignificant exceptions. It is my judgment that if the industry were restricted by 20 per cent, the remaining coal mines and the remaining miners would be working under such conditions as to enable the wages that are at present being paid to be continued. It is the presence of the uneconomic mines and the lack of mobility in labor around those mines that threatens us with real difficulty.

The late agreement for wages ended in the middle of last year, and the industry was then getting into extreme difficulty. A small committee, of which I was a member, was appointed to consider the causes of the dispute, which had the usual tangle of tactics, misunderstanding, and so forth, and to consider the real economic merits of the case, and to report what ought to be done. Out of that the Royal Commission was formed, which was given a period of six months or so to make a complete report of the condition of the industry and what ought to be done about it.

In the meantime the government said it would sustain, by means of a subsidy, the finances of the industry to enable the

wage to be paid until the full report could be issued.

As you know, that report came out in March, and gave in great detail what was necessary to put it upon an economic basis, including the contraction of government assistance to which I have referred.

The report has many important suggestions for reorganizing the industry, joining together and amalgamating various kinds of businesses under one control, and the like. I need not go into it. It is something that will take several years before that will come into full fruition.

In the meantime there is an interim period, and it is necessary to negotiate an agreement for that.

Ways and Means to Carry On

THAT emergency period, in my judgment, could be handled in this way. Let the owners, who are not making any money at all out of the industry, say frankly "We will go on for a period of six months, paying you, if necessary, the whole proceeds to pay the minimum wage. There should be nothing taken out of it at all for profits or interest." That is only going on with the present state of affairs. The men are to have everything in the industry at the present price of export coal. Unfortunately in South Wales and other districts, that will leave the wage-earner very often 10 shillings or 8 shillings below the minimum wage necessary to maintain life.

It is there that the government might come in with a small, tapering subsidy for the interim, say half of the difference to begin with, tapering off to a negligible amount at the end.

The advantage of that would be that everybody, the miners and the coal men, would realize which of the mines could not pay either the men or the owners or the

government, and where the true contraction could take place. That the things will have to be divided in some such form as that is inevitable.

The royalties need not bother us for long. The royalties amount to 5 pence a ton. What we are considering is a margin of 3 or 4 shillings per ton. Even if royalties were abolished, that could not solve the trouble.

The proposal of the government to pay them over and nationalize the royalties, in my opinion, will remove from the area of controversy a permanently provocative item. There is nothing that can be represented in such glowing and unfavorable terms of social injustice as the payment of royalties. There is nothing which can raise into more intense enthusiasm or intense heat, if you like, the whole mass of miners than the mention of this question; and the mere outlay of one hundred million or one hundred and twenty million to remove this cancer, as it were, from men's minds would be well worth while, because it amounts to far more in the industrial psychology than it is really worth.

But there is far more in it than provoking thought and disabling or wounding institutions in public life, because government ownership of the royalties would enable the losses in the future to be handled in such a way as to insure the highest economic development. The best methods and principles should be applied to all. The government would not only have in a short time possession of all the coal and the unproved coal, but they would be placing that industry in a unique position. There are various other things which will, we hope, come from the possession of the royalties which will certainly make for success in that industry.

You have heard about our unemployment. Great Britain has been slowly rising, until

this recent unfortunate occurrence, from its difficulties, with the exception of the unemployment, which is mainly in three particular industries; and those industries are, for the most part, dependent upon the renewed prosperity of foreign buyers. We are not self-contained like you. We have built up on a narrow edge of purchasing power of the consumer or purchaser that those who promoted the industries naturally expected would remain constant.

But as a matter of fact, that customer is removed for the time being. Whatever you may say about the efficiency of output or the necessity for it, that industry is bound for some time to be in a process of adjustment. It cannot be in equilibrium. When those European purchasers have been revived in their purchasing power, and when they once more find the true justification for which it was put there, then that particular evil which rankles so much in the minds of people abroad, the unemployment evil, will be removed.

Economic Fallacies Rampant

WE ARE suffering from all kinds of economic fallacies among our people. They have not yet learned the gospel of output. They have not yet learned that you cannot get plenty unless you produce plenty, and this is an extraordinarily difficult moment to preach it, because at the present moment it does not happen to be true. As a short-period phenomenon it is wrong. It does not do any good to go into the ship-building industries which are in distress at the present time and say "The secret of success for you is to produce more," because the moment they do, there is a glut, because the markets are not there to take the products that are produced. But by and large they have to learn it, and I believe that with your help they will.

A Roll Call of Captains of Industry

WHILE the important address of the annual meeting banquet was delivered by Herbert Hoover, Secretary of Commerce, reprinted in full on page 11, by no means the least interesting feature of the dinner was the group gathered at the speakers' table. President John W. O'Leary called upon each of these in turn to rise and bow, that the 1,200-odd diners might salute him. His introductory remarks in each case follow:

LEWIS E. PIERSON, Chairman of the Board, Irving Bank-Columbia Trust Company. He maintains his bank in the Woolworth Building, so that by comparison his interest rates do not look high.

JOHN G. SARGENT, Attorney General of the United States.

He recently announced the new but sound heresy that the law is concerned with the principles and action of business not accepting mere size alone as evidence of misconduct.

WILLIAM BUTTERWORTH, President, Deere and Company, Agricultural Implements, Moline, Illinois.

He helps the agricultural situation by selling Deere plows cheap.

WILLIAM R. GREEN, Chairman, Committee on Ways and Means, House of Representatives.

The Congressional Chairman who effected, with a minimum of explosion, tax reform legislation that has justified itself under actual trial.

RICHARD F. GRANT, Vice-President, the

M. A. Hanna Company, Cleveland, Ohio.

The man who did something in the anthracite coal strike.

SIDNEY Z. MITCHELL, President and Chairman of the Board, Electric Bond & Share Company, New York.

The dynamo of energy that has helped to develop electric power in step with the expanding requirements of industry; and make it easy for the housewife to use vacuum cleaners, washing machines and electric cooking, thus giving fresh impulse to bridge, movies and politics.

JOHN H. FAHEY, Ex-President of the Chamber of Commerce of the United States.

The most useful man in America with a roving commission in public service.

R. E. COWIE, President, American Railway Express Company.

The man who makes possible competition with the Post Office and Parcel Post.

CARL R. GRAY, President, Union Pacific Lines.

The only railroad president in captivity who holds a degree from a college of agriculture and probably deserves it.

JOHN N. WILLYS, President, Willys Overland Company.

Started to make all America ride his bicycles, and today makes a large part of America use his automobiles.

JOHN G. LONSDALE, President, National Bank of Commerce of St. Louis.

The man who disclosed the possibilities of banking in St. Louis by emphasizing the rivalry with Chicago.

F. EDSON WHITE, President of Armour and Company, Chicago.

He directs the modest packing company of Armour and Company in a little town in the west named Chicago, with branches in the great cities of Kansas City, Omaha, St. Paul, and most of South America.

A. J. BROSSEAU, President, Mack Trucks. The man who advertises his motor truck as a regular English bull-dog, although bearing the Scotch name of "Mack."

J. H. CUMMINGS, President of the John B. Stetson Hat Company.

Raised women to an equality with men by making high grade standardized hats for both.

A. L. HUMPHREY, President, Westinghouse Airbrake Company.

The man who persuaded his Directors to inventory their confiscated Russian plant at One Dollar real money instead of the Russian entry of One Hundred Thousand Million Billion Rubles.

HENRY D. SHARPE, President, Brown & Sharpe Manufacturing Company of Providence, R. I.

He believes in yards, feet and inches in making machine tools.

JAMES R. MACCOLL, President, the Lorraine Manufacturing Company.

Loved and trusted in New England, and deserves to be.

WILLIAM FORTUNE, Citizen of Indianapolis.

A great force in the civic and business life of his State.

DWIGHT F. DAVIS, Secretary of War.

On my left, the Head of National Defense, with a life record which induces a feeling of security both in industry and in the home.

ROBERT R. ELLIS, President, Hesse-Ellis Drug Company, of Memphis.

A living exponent of the energy of the New South.

CHARLES M. SCHWAB, Chairman of the Board, Bethlehem Steel Corporation.

Universally known as the only captain of industry who never has perceived a single cloud on the industrial horizon; and is usually right about it.

JULIUS H. BARNES, President, Barnes-Ames Company.

Master of statistics. Give him six arithmetics and he is on a "bat."

GEORGE H. JONES, Chairman of the Board, Standard Oil Company of New Jersey.

Besides his present distinguished position in the field of industry, he has a special claim on the affection of organized business as the successor of our late friend and associate, A. C. Bedford.

E. G. GRIGGS, President, St. Paul and Tacoma Lumber Company, Tacoma, Washington.

Of the 36 directors of the National Chamber, all of whom attended this meeting, Mr. Griggs has travelled the greatest distance to get here.

General JAMES G. HARBORD, President of the Radio Corporation of America.

Rose from the rank of private in the United States Army, served with great distinction in the Great War, and the first man in all history whose check presented by radio photograph was paid by a New York Bank before the ink was dry in London.

WILLIAM P. SIDLEY, Vice-President and General Manager, Western Electric Company.

Develops modern electric devices here and abroad for eleven months, then rests the other month fishing in Montana as far as possible from the telephone and the radio.

HENRY H. WESTINGHOUSE, Chairman of the Board of the Westinghouse Airbrake Company.

One of two brothers of extraordinary inventive energy whose name through the first airbrake is inseparably connected with transportation safety which alone made speed possible.

PHILIP H. GADSDEN, Vice-President of the United Gas Improvement Company of Philadelphia.

Knows more about gas than any other person in this electric age, and knows more about street cars than any other person in this automobile era.

JAMES A. CAMPBELL, President of the

Youngstown Sheet and Tube Company.

A captain of industry who certainly does his part in helping America to manufacture every year half the iron and steel of the world.

MAX W. BABB, Vice-President, Allis-Chalmers Manufacturing Company.

The man who as long-time Chairman of the National Chamber's Budget Committee never will admit a rosy outlook until the delivery of a substantial surplus on the last day.

CARL E. MILLIKEN, Secretary of the Motion Picture Producers and Distributors of America.

Playing his part in establishing a great industry in merited public confidence.

WILLIAM WHEELER COLEMAN, President of the Bucyrus Company of South Milwaukee.

Constantly digging either canals with his machinery, or golf courses with his niblick.

E. J. BLISS, President of the Regal Shoe Company.

The man who for thirty years has provided all ranks of people with a better and whole-souled understanding.

JAMES P. ORR, President, Potter Shoe Company, Cincinnati.

Also in the shoe business, and director of the Chamber.

Mutual Confidence a World Need

By OWEN D. YOUNG



HARRIS & EWING PHOTO
Owen D. Young

WHEN I landed from the Olympic last Wednesday my first job was to go and visit my mother in a little country town up in New York State, and when I reached there, I found that an old friend of mine during the interval of my absence had been unfortunate enough to lose his wife. In talking

with him about it, I doing all the talking, he finally said to me "Well, Owen, I was very mad, but I didn't say anything about it."

Actions We Do Not Like

NOW, that philosophy I like. Those of us who are interested in international economic and political affairs find that there are certain inevitable actions we do not like, and I am wondering whether we have philosophy enough to adopt the policy of my old friend and say nothing about it.

There seems to be interest in the things which are pessimistic and destructive rather than the things which are optimistic and constructive. When the International Chamber of Commerce some weeks ago made an analysis of the economic conditions of Europe, the newspapers picked it up, and by segregating different sentences were enabled to say that Germany was struggling—waver- ing, I think, under the burdens of the Dawes' plan, intimating that it would be impossible for her to pay reparations. That publicity existed not only in this country, where it did not do much harm, but existed in Europe, where it did harm.

I speak of it only because it did not reflect correctly the attitude of the American Section of the International Chamber of Commerce, and this afternoon the American Section adopted a resolution saying that

statement was untrue. So much for that.

I think Mr. Kipling said, in 1892, when he composed a little verse with which you are all familiar:

"When earth's last picture is painted;
When the tubes are twisted and dried,
When the oldest colors have faded,
And the youngest critic has died;
We shall rest—in faith, we shall need it;
Lie down for an eon or two,
Til the Master of all good workmen
Shall put us to work anew."

I repeat that now because I want to use the first lines of it to make effective the point to which I am to speak.

When all debt settlements are finished, when all currencies shall have been reestablished, when all political activities in international economic affairs shall have disappeared, and the youngest critic shall have died, politically, then we shall rest—"In faith, we shall need it." But, mind you, then is when the program of business in international fields begins.

Taxation Brings No Wealth

POLITICAL agencies are useful in defining and essential to defining what the obligations between nations are. But political agencies cannot create the means of payment. They may take, by the power of taxation, as they have a right to do, the funds created, the international balances created, which make the payments possible, but they cannot create, themselves, the means of payment. If political agencies moved all the gold within their power, it would have no effect on the making of the vast payments that are required to settle the international debts. There is not gold enough in the world to make an impression in the payment of those debts.

Taxation creates nothing. It only takes what others have created and appropriates it for the needs of the government. And so I say, when the last debt settlement has been made, when the last obligation between nations with regard to money shall have been

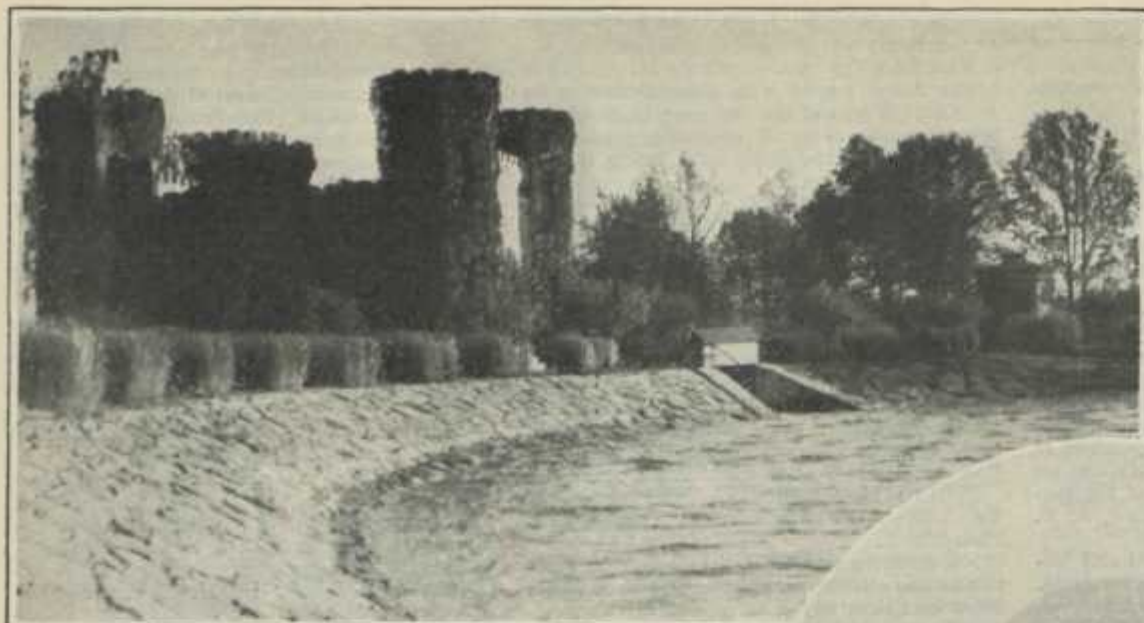
fixed, even when the last currency shall have been restored and the economic tools of the world shall be again in shape to minister to its economic needs, then will the problem of business begin—not the problem of domestic business in any country, but the problem of international business, the problem of creating the credit balances in the international field out of which these political checks may be honored.

If the business men of the world fail in that obligation, then these debt obligations of the world must be defaulted. Goods and services must be moved over international boundaries in order to create balances to pay the debts. Production must go forward. Commerce must be in hand. Finance, as the aid of both, must be ready; and then, in my judgment, there is no economic burden on the world which cannot be met, provided—and it is important—that the business men of the world understand each other. Somewhere there must be a meeting place common to all men of business, speaking all languages, brought up under all laws, where they can discuss the common problems of this economic restoration. They must understand each other. They must learn to cooperate with each other. They must learn to have confidence in each other, because that is the foundation of business.

It is not the Dawes' plan written on paper; it is not any act of legislatures of any country, however powerful. It is not any declaration of kings or potentates or premiers or presidents. It is in the understanding of the men of business who must create the funds with which debts may be paid.

The International Chamber

MAY I say, in passing, that I know of no organization in the world adapted to that need except the International Chamber of Commerce. I ask the support of the business men of the United States for that institution. It is the normal clearing house of business opinion of the world.



There is more than a suggestion of Ireland in the above, which in reality is a bit of the Conduit Road Reservoir, and not a Killarney castle

Foreign Scenes in the Nation's Capital



Even the picturesque senorita lends a touch of verisimilitude to the Castilian atmosphere of the home of the Pan American Union



A glimpse suggesting the Far East is to be found at Washington, in this reproduction of Mt. St. Sepulchre



The Nordic fisherman (right) now casts his worn nets into the limpid pools of the Potomac Tidal Basin

Random glimpses
of Washington
show that much
of the world's
beauty has been
transplanted
there



Age has mellowed and blended this footbridge across the Chesapeake and Potomac Barge Canal at Georgetown into a veritable bit of Belgium



Embassy attaches at Washington seem particularly happy in the Mall, possibly because the blossoms are suggestive of other climes

PHOTOS BY VAN TINE, WASHINGTON



Foggy England is in this early morning view of one of the mansions on Sixteenth Street



Artists abound in the Capital City, and more than one alley leads itself, as does that on the left, as a Continental background for the aspiring painter

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In this and the three following pictures are some of the delegates to the Fourteenth Annual Meeting, assembled in the courtyard of the National Chamber Building at Washington. In this, the First Quarter, may be seen, among others, A. C. Pearson of New York, James A. McKibben of Boston, W. A. McCormick of Baltimore, and Bernard J. Rothwell of Boston.

Sailing Orders for American Business

Resolutions Adopted by the Fourteenth Annual Meeting of the Chamber of Commerce of the United States

Crime and the criminal present one of the greatest problems of self-government and the alarming increase of crime in the United States has made this subject

Crime one of grave importance to the citizens throughout the entire country. We shall not realize a better condition of affairs in our national, state or city life until our citizens engage themselves actively in the formulation of constructive plans of cooperation toward just punishment of crime.

The reduction of crime can only be accomplished by an awakened public opinion and a stimulation of public action in the restoration of respect for the authority of the state in the performance of its fundamental duty of protecting the person and property of its citizens.

In order that there may be adequate remedy for the situation we call upon the members of the United States Chamber of Commerce to cooperate to the fullest extent with the organizations which have been set up in their states to make careful studies and propose corrective measures. In states in which there are not now organizations for this purpose we strongly urge upon the members of the Chamber that they use their efforts toward creating such organizations and strive for its success.

Federal Reserve System The Chamber of Commerce of the United States has a record of steadfast support of the Federal Reserve System and from the beginning has favored indeterminate or automatically renewable charters for the Federal Reserve Banks.

American commerce and industry have taken the System's continuance for granted. To avoid any danger of unsettlement to business or disturbance of public confidence the charters of the Reserve banks should be extended without delay for an indefinite period until dissolution by act of Congress or until forfeiture of franchise for violation of law. Extension should not

be made dependent on the adoption of other amendments, however meritorious.

The welfare of American agriculture is of primary concern to our nation. On the prosperity of the farmer largely rests the success of all business and it is

Agriculture essential that there should exist a steadily increasing understanding and cooperation between agriculture and other forms of business in the interest of the national welfare. This industry has suffered severely from the readjustment of prices, and the United States Chamber of Commerce, in a spirit of national service, is prepared to extend its utmost efforts to establish a more secure basis of agricultural prosperity.

Agriculture is a business, and its problems, including production, finance and distribution, are largely business problems by no means easy of solution—involving, as they do, widely different industries and localities. Any help rendered must give due regard to the delicacy, intricacy and wide variation of the issues involved. An encouraging feature of the situation is the fact that the processes of distribution and orderly marketing of agricultural products are steadily developing in accordance with sound business principles. In this development the Chamber through its experience should be prepared to assist in increasing the field of opportunity for American farmers through friendly cooperation and recognition.

The Chamber of Commerce of the United States recognizes its obligations toward agriculture and of recent years through the establishment of its Agricultural Service has made a careful survey of certain methods by which agriculture seeks assurance of that equality of opportunity to which it is entitled.

This Chamber has obtained much valuable information from a series of regional agricultural conferences—begun during the past year and to be continued this year. This information is available for use in developing

a well-balanced national agricultural policy.

The Chamber of Commerce of the United States would welcome cooperation from representatives of agriculture for holding a national agricultural conference at which the leaders in agriculture and other industries would be brought together for frank discussion of this great national problem in a determined effort to agree on a national agricultural policy. Should such a conference be undertaken the National Chamber stands ready to offer its complete facilities and to enlist in this effort in a spirit of mutual helpfulness leadership of proven ability from the broad fields of business.

The duty of this Chamber seems clear. We have no desire to dictate to agriculture as to its program but we wish to be of service in a spirit of the utmost cooperation. An opportunity for real service lies before us and we hereby pledge the Chamber to use its utmost efforts to assist in formulating a sound national agricultural policy—practical and constructive.

We endorse the position of our Government in refusing to recognize Soviet Russia and pledge the continuing support of

Russia

Organized Business in that refusal, until Soviet Russia provides adequate assurances of its purpose to maintain its international relations in accordance with recognized standards, with evidence of its intent to redress past wrongs.

It is outside the fundamental moral question to argue that Russia possesses great natural resources with a vast potentiality of trade and industry, or that world capital and world ability ventured in Russia could raise the living standards and the welfare of 150 million Russians from their present subnormal level. Such aids can be rendered only on a basis of mutual confidence. Our Government cannot, by recognition, encourage our people to venture persons and property in Russian development while previous seizures of American property still stand



Government and business here mingled one with the other on the friendliest of terms. Governor A. C. Ritchie of Maryland stands beside President John W. O'Leary of Chicago. Robert R. Ellis of Memphis, Lewis E. Pierson of New York, and Milton E. Marcuse of Richmond may also be found here

without restitution or compensation, nor can it enter into relations demanding mutual respect and confidence so long as there are grounds for suspicion of Soviet propaganda encouraging sedition and disloyalty.

Reviewing the splendid encouragement given to foreign commerce by the Department of Commerce since its organization and appreciating the support given thereto by Congress and furthermore realizing the necessity of insuring permanence to these efforts under the guidance of officials particularly equipped for the performance of duties of a specialized nature, we heartily approve of legislation to establish definitely and permanently a Foreign Commerce Service of the United States for commercial attaches and trade commissioners, such officers to be appointed by the Secretary of Commerce after eligibility has been determined by examinations held by the Civil Service Commission and the Department of Commerce in coordination.

Harsh and inequitable customs regulations and complicated customs formalities constitute one of the most serious impediments to the normal development of foreign trade. In 1923 the International Chamber of Commerce participated in the formulation of the International Convention Relating to the Simplification of Customs Formalities, which became effective in November, 1924. The Chamber of Commerce of the United States, which assisted the International Chamber of Commerce in this work, is impressed with the benefits of international commerce which will accrue from a widespread adherence to this Convention, which has already been ratified by more than a dozen countries. The Chamber of Commerce of the United States therefore urges that for the purpose of promoting a freer commerce among nations, the responsible officials of the United States Government give consideration to the adherence of our Government to this Convention.

Safeguarding the public revenues, making effective the provisions of our tariff laws, and

protection of honest importers against unfair competition require that some investigations in matters relating to the tariff should be conducted abroad by our Government. For the accomplishment of these purposes, however, experience has shown it is unnecessary, as well as prejudicial to the development of our international trade relations, to maintain a system requiring production of books and disclosure of production costs for foreign producers, shippers and merchants under penalty of exclusion from our market. We consequently urge that Congress so change our law as to assure that all investigations which are made abroad in relation to our tariff will be conducted in such a manner as to foster good relations.

The great development of modern highways in the United States has focused attention upon the benefits which adequate highway systems can bring to all countries. Living standards are raised, increased means of communication lessen misunderstandings, and international trade is fostered. We therefore look with favor upon all sound proposals for international conferences on the subject of improved highways and ask that all possible steps be taken to facilitate through such conferences the exchange of knowledge respecting all phases of highway development.

From the present temporary Parcel Post Convention with Cuba the trade of our country is receiving substantial benefits. In order that there may be a continuation and a development of these benefits, we ask that the Congress of the United States remove the restrictions upon quantities of Cuban products which may be imported into the United States. These restrictions originally enacted many years ago under conditions which have now substantially changed, prevent the mutuality of advantage in the use of the parcel post essential if a successful convention is to be maintained.

There are a large number of aliens in

the United States. Many of them undoubtedly will in time become citizens and the residence here of others will prove beneficial alike to themselves and to our country. It is inevitable, however, that many questions will arise respecting individual aliens who are within the country, and it is important that legal entry and presence may be clearly established.

To this end we support the present policy of issuing certificates of arrival to immigrants who have legally entered the country since June 30, 1924, and we advocate the issuance of certificates of arrival to those aliens who entered the country before July 1, 1924, and who can present satisfactory evidence that they are not subject to deportation. We oppose, however, any project for the compulsory registration of all aliens in the United States, believing that such a system would be accompanied by undue hardships for large numbers of law-abiding aliens who are leading useful lives, would entail large expenditures for the Federal Government and would be of doubtful success for its chief purpose, of establishing the facts as to aliens who may be offenders against our laws.

The Chamber of Commerce of the United States has recognized the desirability of improved budget procedure on the part of state and local governments and the development of an informed public opinion which can be focused effectively on all budget proposals made by spending officers. Chambers of commerce in every part of the country are vitally interested in the burdens of taxation. They are in an advantageous position to assume leadership in making critical examinations of all proposed public expenditures in their localities, and thus promote thrift and economy, locally and nationally. The organizations in the membership are asked to assume this leadership and are assured that the interest of the Chamber of Commerce of the United States will continue unabated.

The Chamber of Commerce of the United States respectfully urges upon the Congress



Blinking a bit in the bright Washington sunlight, yet easily recognized in this section are Julius H. Barnes of New York, Richard F. Grant of Cleveland, A. L. Lissberger of New York, and John H. Fahey of Boston.

the serious consideration of the following:

Taxation 1. In recent years there have been several reductions in the individual income tax without any corresponding relief to the corporate enterprises of the country.

2. In principle the corporation income tax should accord more nearly with the normal income tax on individuals.

3. A tax of thirteen and one-half per cent on the entire net income of corporations is plainly unreasonable. Logically, first consideration should be given to the proper adjustment of the corporation tax since the corporations must earn and provide a large proportion of the individual incomes upon which the personal income tax is based.

4. It is manifest that a burdensome levy on the sources of production must inevitably prove a handicap on enterprise and business expansion and result in a curtailment of earnings so that the amount available for the direct tax on the producer is less and the amounts disbursed are also reduced with the result that the government revenue suffers in both places.

On the other hand a just and moderate tax on the producer is an encouragement and incentive to business progress and expansion which will be reflected back in the increased prosperity of every citizen, increasing both the direct and indirect sources of governmental revenue.

We, therefore, request that Congress, in making appropriations, keep clearly in mind the imperative necessity of a substantial reduction in the present corporation tax.

For reasons stated in the report of the Committee on National Forestry Policy, and in Referendum No. 42, based thereon,

Forest Taxation adequate conservation and replacement of our forests is not practicable without relief from present customary

methods of imposing annual property taxes upon standing timber separate from the land upon which it grows. The magnitude of the public interest involved warrants the concerted efforts of responsible state, federal and private agencies to plan and to secure the general application in the states of methods of forest taxation which will effectively promote timber conservation and reforestation through private enterprise.

Regulation and control of the coal industry are proposed in divers ways by bills which are pending before Congress. We

Coal therefore consider it appropriate to reiterate the position of the Chamber of Commerce of the United States in opposition to proposals which have for their object the control of industries by governmental agencies.

The Chamber of Commerce of the United States has earlier expressed its interest in the creation of national parks. It believes the primary responsibility of the Federal Government in the establishment or maintenance

National Park Policy of national parks is to preserve those features of our landscape where, in sufficiently large areas the scenery is so unusually beautiful and is so characteristic of its kind, and where, consequently, it has so great an educational or other value that it may be considered a heritage of the whole nation rather than a recreational facility for the inhabitants of adjacent territory. The primary responsibility for supplying recreational facilities for the people of states and municipalities lies with the states and municipalities themselves.

The annual meeting has had before it a report upon the advantages and disadvantages of the two methods used in public construction. We concur in the

Public Construction recommendations of this report and believe that it is in the public interest for all

governmental authorities to follow, wherever possible, the policy of letting contracts for public construction projects rather than to undertake construction by hiring day labor. Construction work is in general better done, performed in less time, and completed at a lower cost by the contract method than by the day labor method. We believe that the ruling practice in the expenditure of public funds for construction—municipal, county, state, or federal—should be to use firm contracts, let under competition, and guaranteed by adequate bonds. It is requisite for success in such a policy that for all projects public bids should be received on carefully and fully prepared plans.

In cases in which a governmental agency

elects to reject bids and performs the work itself it should be required by law to place upon the public records at the completion of the work a sworn statement showing the actual cost, including all proper overhead charges, and all changes in the original plans.

Civil Aeronautics in the United States should be given full opportunity for growth through commercial development, with reasonable regulation and active

Commercial Aeronautics promotion by the Federal Government and separately from the military and naval aeronautical services. The Chamber heartily endorses the pending legislation for this purpose and urges upon Congress its enactment into law at this session. In view of the predominant interstate and international character of aeronautics its regulation should be by Federal and not by State authority, and suitable international agreements should be reached with foreign countries.

Cooperation of the aeronautical industry and the insurance companies with the Government authorities is urged in order to develop and perfect an adequate system of statistics regarding the performance of this industry both as a basis for its economic development and to permit establishment of the necessary insurance service and rates on a basis favorable to the growth of the aeronautical industry.

The importance of providing proper landing fields is urged upon the authorities of communities located upon natural air routes with traffic in prospect, and cooperation among communities interested is urged to provide intermediate emergency landing fields essential to safety of flight. The provision by Congress of adequate funds to carry on an adequate program of aerial light-houses and other aid to air navigation is recommended.

The practicability of air transport has been demonstrated. Its commercial success is dependent upon volume of business. Simplification of Air Mail rates is desirable to assure widespread patronage. All classes of business men are urged to make the fullest practicable use of this service. Commercial organizations are urged promptly to develop a sound program for the development of air mail and commercial traffic. The appointment of local committees by such organiza-



The right wing of the notable group was made up of such personages of the business world as John G. Lonsdale of St. Louis, R. T. Moore of Shreveport, Peter O. Knight of Tampa, and Elliot H. Goodwin of Washington

tions is recommended and the National Chamber now stands ready to cooperate to the end that this work go on without delay.

The rapid growth in the use of radio for entertainment, educational, as well as communication purposes, has made it of urgent importance that the necessary regulation to prevent disorder and interference in the use of the air be promptly provided. The characteristics of radio render this essentially a problem for federal rather than state control.

Regulation of radio communication should not invade private management. It should be based upon the principle that the interest of the listening public is the paramount consideration in radio broadcasting. Other forms of communication are primarily for the service of the sender, but broadcasting serves the listener. No regulation should attempt to force upon the public undesired program matter. Station owners, like newspapers and magazines, must be free to select and edit their program material.

Proposals of a disconcerting nature for regional appointments to the Interstate Commerce Commission have been brought forward in Congress. Such proposals are erroneous in principle. If they were enacted into law, they would weaken the Commission and cause detriment to the public interest. The regulation of commerce among the states, including transportation by rail, is national in nature, and can be properly exercised only by a body chosen for ability, regardless of sectional consideration.

Modern conditions of traffic on streets and highways have greatly increased accidents involving personal injury and damage to property. Widespread attention has been attracted, and under the auspices of the Department of Commerce a very successful conference has been held, with wide participation. Out of this conference have come studies of conditions and recommendations which every community should consider. Each local organization in the Chamber's membership

should give close attention to all factors which will promote street and highway safety.

To reduce traffic accidents, compulsory insurance has in some quarters been advocated for the owner of each automobile. A careful study of these proposals fails to disclose reasons to believe that, if adopted, they will reduce accidents. For that reason, and for other reasons appearing in the report before this meeting, we oppose the principles of compulsory automobile insurance and advocate efforts which are calculated to increase the safety of our streets and our highways for all users.

The most effective development of communications facilities is assured through allowing and encouraging the extension and improvement of privately owned facilities under fair policies of public regulation.

At the same time, in the interest of international communications for business purposes and for the promotion of international understandings, government facilities should be available in cases where adequate privately owned facilities do not exist or do not furnish reasonably adequate service. It is therefore urged that legislation be enacted which will authorize the use of government facilities under these conditions but which will also contain definite assurance that the Government will not compete with privately owned communication facilities and that the use of the government facilities will be discontinued immediately upon the establishment of adequate privately owned facilities.

The live-stock industry of the western states is dependent for forage upon the resources of the national forests and the public domain. These great forage resources should be kept at a high degree of productivity.

Utilization of the forage resources in the national forests should be based upon express authority of law, with preservation of the primary purpose of the national forests. In order that there may be the fullest development in use of the forage resources which are in the hands of the Federal Government in our western states there should be legislation giving the departments of the

Federal Government which have jurisdiction as to national forests and the public domain authority to provide regulations which will at once maintain and improve forage resources and at the same time stabilize the live-stock industry through such means as grazing permits covering terms of years, a reasonable system of fees, proper allocation of the number of cattle and sheep which may be grazed, and measures in aid of administration which will assure use and enjoyment by all concerned.

The Federal Government had a very beneficent policy in providing for states in the west as they were created an endowment for school purposes from the public domain. The value of this endowment has been impaired through questions which have been raised, and which may continue to be raised indefinitely by the Federal Government itself, as to the title of lands which were granted. Congress should at once enact legislation which will give complete and final effect to its original intention. It is not in the public interest that title should continue to be uncertain.

The Chamber notes with satisfaction that the changes which the Federal Trade Commission made last year in its procedure have brought the administration of the Trade Commission law more nearly into keeping with the original purpose of that law. We concur in the expressions of the President of the United States, of hope that these changes in Trade Commission procedure will be permanent.

In view of the great waste that has occurred through indifference or carelessness in the packing of goods by manufacturers and distributors for shipment by common carriers, this Chamber in conformity with its expressed policy to discourage practices that lead to extravagance or waste recommends to its membership the adoption of any and all measures that will induce shippers to take a more active interest in the preparation of their goods for shipment and thereby assist in reducing loss and damage in such transportation.

The Group Meetings

Finance
Distribution
Foreign Commerce

Agriculture
Manufacture
Transportation

Insurance
Civic Development
Natural Resources

Self-Rule by Our Business Abroad

(Foreign Commerce)

AMERICAN business men established in foreign countries have practiced self-government in business for many years. Necessity has forced them not only to cooperate in meeting foreign competition, but to take into their own hands the settlement of important problems and the formulation of courses of action deeply affecting the current of trade between the United States and the country in which they are established.

Through the American chambers of commerce abroad American business men have found not only means of self-regulation but also a most efficient instrument for self-help in the promotion of American trade overseas.

These facts were presented in clear-cut outline before the Foreign Commerce Group meeting, a meeting which served as a gathering place for a large number of representatives of American chambers of commerce abroad.

Henry D. Sharpe, Brown and Sharpe Manufacturing Company, Providence, R. I., and Chairman of the Foreign Commerce Department Advisory Committee of the Chamber, directed attention to the fact that these self-regulatory and self-supporting American Chambers abroad are now established in Argentina, Belgium, Brazil, Chile, China, Cuba, the Dominican Republic, Egypt, England, France, Germany, Haiti, Italy, Mexico, Poland, Portugal, South Africa, Spain, and Turkey, not to mention the chambers of commerce in American territory outside continental United States.

Few American business houses appreciate the extent of the assistance which such American Chambers of Commerce abroad render to the American foreign trader. The character of this assistance and the extent of these chambers' activities in building foreign trade were presented to the group session by Mr. Edward F. Feely, American Commercial Attaché at Buenos Aires, and a member of the Board of Governors of the American Chamber in Buenos Aires.

Taking the American Chamber in Buenos Aires as an example, Mr. Feely discussed this subject, in part, as follows:

The absence of investments of American capital in productive or trade-producing enterprises, the relatively small consuming population of our own nationals—there are less than 2,500 Americans resident in Argentina—the almost complete absence of American merchants permanently established in Argentina as distributors of our products, and the fact that the great wealth of both countries is derived primarily from the agricultural industries, are at once serious obstacles to the development of our trade, and at the same time to the permanence and stability of the Chamber as a medium for the promotion and protection of American trade.

Bear in mind that in so far as our most serious competitors are concerned, these conditions are exactly reversed; they enjoy all of the advantages of permanent merchant and consuming populations, large investments in productive enterprises, and a well-balanced interchange of commodities such as the United States, for many years to come at least, may not presume to expect.

It was in this atmosphere and under these conditions that the American Chamber of Commerce in Argentina came into existence, and it is against these obstacles that it has fought its way to the enviable position it holds today as one of the most active organizations abroad for the promotion of American interests.

The work of the American Chamber of Commerce abroad may be roughly classified under these heads: the protection of American interests in its particular territory; as an organ of publicity or propaganda for American ideals, institutions, and policies; and finally, the promotion of American foreign trade, both exports and imports.

Foreign Materials Essential

WILLIAM C. REDFIELD, of New York, former Secretary of Commerce, a member of the Foreign Commerce Department Advisory Committee, and author of the recent book, "Dependent America," pointed out to the group session in striking fashion how there was no such thing as an American hat, an American fountain pen, an American high-grade suit, an American needle, an American radio, an American telephone, etc., since in the manufacture of these and numerous other articles, foreign materials from the far corners are essential.

The group session discussed a resolution put forward by Capt. Walter Fletcher Smith, National Councillor of the American Chamber of Commerce of Cuba, urging modification of American statutes in order to obviate the lapsing of the present temporary parcel post convention with Cuba, the resolution being adopted and passed on to the annual meeting and appearing in its final form in another column of this issue.

Few questions in recent years have occupied the minds of American importers and, as well, the members of the American Chambers abroad as has the subject of for-

eign control of raw materials essential to American industry. The point of view of the Bureau of Foreign and Domestic Commerce of the Department of Commerce on this matter was placed before the session by Dr. Julius Klein, Director of the Bureau. In part, Dr. Klein said:

Great sections of our agriculture could not exist without certain foreign fertilizers and sisal binder twine. Rubber is absolutely indispensable for those two fundamental elements in our economic mechanism—automotive transport and the electrical industry. Coffee has become an almost indispensable contribution to comfort even in the humblest household.

Furthermore, there is the significant consideration that in addition to this group, comprising some twenty per cent of our overseas purchases, there is a further thirty per cent made up of commodities so concentrated in one or two countries in each case as to lend themselves very readily to such political manipulation.

A difficulty develops in this situation by the refusal of the consumers to purchase commodities forced to high price levels by artificial manipulation. A striking instance of this has been seen in the case of rubber. In the last six months we have paid almost \$200,000,000 in import value over a "fair" price of rubber as originally announced by proponents of rubber restriction. As a result consumers brought into play the formidable weapon of conservation, and the consumption of rubber tires fell off 25 per cent in spite of the fact that there were 3,000,000 more automobiles on the road, and there was no appreciable decline in the mileage run per car (as shown by gasoline-consumption statistics). This really astonishing result of systematic conservation has only recently been understood in this country and is evidently not appreciated at all as yet by the rubber producers. The episode should afford a salutary warning to other foreign raw material controls and to those banking interests proposing to finance such speculative adventures of foreign governments as to the powers of an aroused consumer to defend himself when confronted by any price-manipulating schemes of this sort.

The Varied Views of Finance

(Finance)

THE ADDRESSES which were delivered at the luncheon meeting of the Finance Group illustrated the widely diversified interests of that Department. Fred L. Kent, Vice-President of the Bankers Trust Company of New York, and Chairman of the Advisory Committee of the Finance Department of the Chamber of Commerce of the United States, was the first speaker. He dealt with the problems of European finance as related to the United States.

George W. Norris, Governor of the Federal Reserve Bank of Philadelphia, talked on "The Pros and Cons of Instalment Finance," and Prof. Fred R. Fairchild, of Yale University, took for his subject "Taxation and Tranquil Taxpayers," while Ogden L. Mills, Representative from the State of New York, spoke on the corporation tax.

Mr. Kent impressed upon those present

the necessity for a better and more sympathetic understanding of European peoples and their problems, and at the same time pointed out the necessity of avoiding some of the mistakes into which they have been led. He said that our interest in Europe should be not only personal because it offers us an interesting playground, or selfish because our business depends upon it, or opportunistic because of its distance, but should be essentially human, as well, because it is a principal part of a great throbbing world in which we have our existence.

The happenings in Europe are confusing to the people of the United States, said the speaker, because they are the result of complex developments reaching far into the past, because the American public receives its information in many cases through distorted propaganda and because our domestic politics has in many cases resulted in such

misrepresentation of the characteristics of foreign elements in our population that an exaggerated idea of their weaknesses has been promoted. He deprecated criticism of foreign nations, calling it not only bad ethics, but frequently unfounded in fact.

A Tendency to Communism

MR. KENT referred to the strike in England and spoke of it as a tendency similar to the communistic experiment in Russia. That experiment in government was not, according to Mr. Kent, real.

It was nothing but an absolute dictatorship, although to make it attractive it was called the dictatorship of the proletariat. The rights of all men in the nation were suppressed, and all wealth was confiscated. The big central idea was the abolition of capitalism, for in no other way could the confiscation of wealth be justified.

But what happened? This government that abolished capitalism made use of the system itself throughout the time that it was being proclaimed as being inoperative, and it was finally obliged to restore the system or see its people starve to death.

Without its production and trade between the people could not be carried on with sufficient rapidity to sustain life. This attempt to destroy capitalism was the world's greatest fiasco, even though it was attempted by the world's greatest autocracy.

But what about the dictatorship of the proletariat? Suppose there could be such a thing; what would it do to the world?

In every generation and in every nation men born among the proletariat, by means of hard work, attention to duty and constant study, rise above it and become the leaders of industry and of thought. This is particularly true in the United States of America.

The tremendous progress of the last half century has been largely possible because of this constant metamorphosis. Would we set the world back by stifling the voices of the more intelligent among men by having them automatically ruled by those who are not yet ready to move upward out of the great general average of human mentality? Such an idea is so absurd that it is not worthy of consideration.

Mr. Kent referred to the English situation as "another example of the untold tragedy" that lies back of the whole communistic idea. British labor, he said, while, on the whole, of a high order of intelligence, had been misled in many ways. One of the greatest drugs upon their independence of thought and action was, in his opinion, the social legislation of the English government—particularly the unemployment doles.

Mr. Kent said that the present plight of Great Britain should be a lesson to us all, although for the most part American labor has not been deluded by uneconomic ideas.

In speaking on instalment finance, Governor G. W. Norris expressed the opinion that it is with us to stay. "There is no use," said Mr. Norris, "of running counter to a great current which has its source in the very well-springs of human nature. When such a current is in full flood, it may be guided and directed and kept from becoming destructive; but it cannot be dammed, still less reversed."

The American tendency toward "keeping up with the Joneses" increases the volume of instalment buying. The American people have, according to the speaker, a natural inclination to buy, and this has been encouraged and developed by an incredible mass of seductive advertising coupled with the present plethora of money and credit.

The pinch comes, said the speaker, when unforeseen circumstances make it impossible to keep up the regularity of payments or instalments due. In his opinion, it is not sound personal finance for a wage-earner to tie up more than twenty-five per cent of his disposable annual balance in long-term commitments. Moreover, he must distinguish between the necessities of life and the luxuries of life—between those things which are productive, such as the automobile of a man who uses it in his work; those that neither yield profit nor involve expense, such as jewelry, pianos and the like; and those whose use involves constant additional expense and upkeep.

While Governor Norris was of the opinion that there were dangerous tendencies present in the instalment-buying movement, he seemed to feel that they could be guarded against more effectively by a campaign of thrift education among buyers rather than a condemnation of the system itself.

Professor Fairchild spoke on "Taxation and Tranquil Taxpayers." He prefaced his remarks by reference to the recent reductions in federal taxes and the situation of relative calm in the realm of taxation as compared with the stormy days during and immediately after the World War. He suggested that such a period of tranquillity is the opportune time for an overhauling of fundamental principles and a critical analysis of the present tax system in the light of such fundamentals.

ards of Practice Do Away With the Need of Regulation by the State or Municipality?" This paper is reproduced at some length elsewhere in this issue of NATION'S BUSINESS.

George B. Ford, Vice-President of the Technical Advisory Corporation, discussed "What Makes Cities Grow?" Mr. Ford pointed out a variety of causes: natural advantages of position, local power resources or good harbor facilities, the presence of raw materials nearby, nearness to markets where local products may be disposed of advantageously. An item of particular importance is "localized skill." Thus cotton, boots and shoes and paper industries have remained in New England, in spite of occasional or permanent adverse circumstances, because New England workers know how to make these products.

These causes result in industrial development; they produce population growth, because this is the logical result of such industrial development. Permanent community growth, then, is based upon a normal and healthy growth of business activity of types best suited to local conditions.

There are, however, exceptions to this rule such as Detroit, which "just grew." The only reason we can assign for this growth is the fact that certain men, or groups of men, with certain ideals and certain abilities, happened to live there. Most of the big industries of Cincinnati and Dayton are there not because the chambers of commerce went out after them, but because the people who started them happened to live in Cincinnati and Dayton.

Wife Wanted to Move

THERE is a certain article of universal consumption which used to be made in Cincinnati but which is now made in New York. Some one asked the question, why the activities of the concern had been moved to New York, and the reply he received was: "Because my wife wanted to live there!" So there are human as well as natural causes of city growth. A young man starting in business may be drawn by the progressive spirit of a city which appears to offer good educational and vocational opportunities for aggressive young men.

If our cities are to grow, money must be forthcoming to pay the cost of such growth. Walter Stabler, of The Metropolitan Life Insurance Company, presented his suggestions as to "What the Organized Real Estate Business Can Do To Aid in Securing Housing Adequate in Amount and Quality." Mr. Stabler pointed out that there is no longer any scarcity of money for mortgage loans for all classes of property from the smallest dwelling to the largest hotel, apartment house or building.

"In fact," he stated, "it has been my opinion for the past eight or ten months that the large supply of money available for large buildings has resulted in over-building in several of the larger cities, notably New York, and a decided slowing down of such operations is imperative to prevent an over-production that is growing serious." The situation in regard to dwellings, however, is decidedly better, Mr. Stabler said. In this field there is very little over-production.

Those who lend money to builders may assume responsibility for the quality of the house erected. The Metropolitan Life Insurance Company in the last 25 years has loaned at least \$500,000,000 for building construction strictly according to approved plans and specifications. This method assures the company that its funds are secured by a loan on an honestly and properly con-

Real Estate Is Self-Governing

(Civic Development)

THE IMPORTANT place which the realtor occupies in the community development was stressed by Mr. R. Goodwyn Rhett, Chairman of the Civic Development Department Committee, who presided at the Civic Development Department Group Session, which considered "The Realtor and His Community."

Citing the National Chamber slogan "What is not for the public good is not for the good of business," Mr. Rhett pointed out that this interdependence of public good and business good is particularly true of the real estate business, which vitally affects the life of the individual citizen and the physical development of the community in which he lives.

The real estate business, Mr. Rhett stated, is particularly susceptible to governmental

interference, and this susceptibility has been increased in recent years by the serious housing shortage. This situation has been used by government—federal, state and local—as a reason for imposing regulations upon the real estate business.

The enactment of rent-control laws and other repressive measures, Mr. Rhett said, has demonstrated the need for some degree of regulation in the real estate business. The question is: What regulation do we actually need, and shall such regulation be self-imposed or shall it be exercised by the various agencies of government?

The answer to this question was discussed in a paper submitted by Mr. Robert Jemison, Jr., President of the National Association of Real Estate Boards, whose subject was: "How Far Can Self-Imposed Stand-

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structed building. Some such plan as this should be made effective in every city. Where a real estate board exists, such board should cooperate with the bankers or other lenders of money and the building material dealers in organizing a bureau or association to provide the necessary services of this kind.

Plans to Be Submitted First

UNDER this proposal "all plans for dwellings or apartment houses should be first submitted to this bureau, and if approved, the lender will agree to make the loan with the understanding that the work is to be inspected during construction by an inspector from the bureau, who will report from time to time to the lender as to whether or not work is being properly done, and materials and fixtures of the agreed quality used; any failure on the part of the builder to live up to agreed requirements to result in the cancellation of the loan agreement. When the building is finished the bureau will issue to the lender a certificate of completion. The bureau will also issue to the builder a similar certificate which he can exhibit to possible purchasers."

In its extremity New York State is considering whether governmental aid in some form can be extended to private initiative, and a definite plan is now being seriously considered. Under this plan it is proposed that legislation be enacted authorizing a state instrumentality to condemn and take land and buildings under the right of eminent domain whenever such property could not be obtained by purchase.

Funds for building would be raised by first mortgage bonds (not to exceed two-thirds of cost of each project), issued by a proposed State Housing Bank and free from state, municipal or federal income taxes. The remaining one-third of the cost would be raised by the issue of 6 per cent limited dividend stock of specially organized companies which would operate under the direction of a State Housing Board appointed by the governor. The structures built under this plan would be modern tenement houses, approved by the State Housing Board, with maximum rentals running from \$10.00 per room per month to \$12.50 per room per month, according to regional location.

Regarding the interest rate Mr. Stabler said:

I have insisted that the interest rate should not be less than 8 per cent—or limited to that as a maximum if funds could not be obtained at lower rates. The rate for first mortgage bonds was properly fixed at 5 per cent, and the Metropolitan Life Insurance Company has stated its willingness to consider loans up to two-thirds of value at 5 per cent interest. I have no doubt that other insurance companies will do the same thing; but to make the movement at all effective, large sums must be

raised by the limited dividend companies who must "hold the bag," and I fear this will not be done at a 6 per cent return. . . .

It seems to me that the general plan of the New York law—if decided to be legal, or if not now in legal form be made so—should, with permission to increase dividend rates to a higher return, eventually aid in working out this problem. To do it will require some aid from the state and the municipalities . . . by investing private enterprise with public or semi-public functions to be exercised for the public good as is constantly done with franchises for public utilities needed and used by the public . . . None of us wants socialistic movements to interfere with the regular operation of business effort. We may be threatened with such if we do not cure many of the evils now existing . . . We cannot permit the continuance of the living conditions that affect so large a part of our urban population.

This great country of ours has met many problems and conquered them. We must conquer this one, and I feel confident that this new plan as proposed by New York contains at least the germ of a solution. It must and will be perfected and made effective. New York State and City have no monopoly of these conditions. You men from other states have similar problems. I commend to your attention this first effort and trust that before you come back here another year, material progress will have been made by all of us.

At the conclusion of Mr. Stabler's address the meeting was thrown open for discussion. John Weaver, of Washington, D. C., former president of the National Association of Real Estate Boards, then called the attention of the members to the experience with governmental rent control in the National Capital. The work of Washington's rent commission, Mr. Weaver declared, was not beneficial. The organized real estate profession has taken a determined stand against such regulation on the ground that it tends to defeat its own purpose by discouraging building activity. Washington realtors, he declared, could have handled the situation satisfactorily by their own efforts, and since rent-control regulation has ceased, they have justified this claim by their success in preventing abuse.

I. W. Digges, of the Outdoor Advertising Association, called attention to the success of self-government in the outdoor advertising business. This movement, Mr. Digges stated, which dates back to 1898, culminated in 1912 in the formation of the Poster Advertising Association, which body commenced work upon a code of ethics. This code was completed and formally adopted in 1915, and a Censors Committee was created to see to it that its provisions were obeyed.

The outdoor advertising business today is functioning on a completely self-governing basis, and its wide-spread activities now may be said to be in full harmony with progressive conceptions of modern community development.

tion represents only a combination to raise the price of the necessities of life?

Private initiative in the hydro-electric industry was discussed by John B. Miller, President of the Southern California Edison Company, and one of the pioneers in the long distance transmission of power. Since the enactment of the Federal Water Power Act, in which the National Chamber had a large share, said Mr. Miller, progress in the development of water-power resources has been startling. The aggregate of projects now pending involves more than twice the amount of water horse-power in operation when the Power Act was passed six years ago. Certainly private initiative has not lagged in development.

Pussyfooting on Fundamentals

CONCLUDING his remarks Mr. Miller said:

The time has come to stop pussyfooting on the question of government ownership. This does not apply particularly, perhaps not at all, to the men of the electrical industry. But it does apply to all of you, as a whole.

The application is to all those men of common sense—and they are many—who have been misled into passive acquiescence in various specific local schemes for government ownership based upon supposed local benefits. Plenty of business men who are opposed to government ownership in principle have nevertheless gotten behind some local scheme without realizing that it is in the nature of fire to burn. There have even been men in our own industry who have at times looked with friendly eyes at some disguised government ownership scheme that did not directly affect them. Why is this? Isn't it because we have been pussyfooting on the fundamentals?

The plain truth should be told. Advocates of government ownership, whether they know it or not, are enemies of society. If some cult of faddists tried to bring yellow fever back to the communities it once ravaged, it would get short shrift. It would not matter if the faddists sincerely believed they were doing good. You can get a sincere lot of cracked-pots to advocate anything at all. Sincerity alone means nothing. Why should we not tell the real story? There is no doubt about the truth of that story.

Government ownership has been tried ever since there were governments. It is an old and discredited policy. Government ownership built the pyramids of Egypt, but no one claims that their form of government was either democratic or desirable. Out of all the experiments, from Pharaoh to Pinchot, there is not a single known instance where government ownership—national, state, municipal, or other—has been beneficial. It is known that the system cannot continue in a democracy. Either the democracy or the system must go. The evidence is complete. We need no more experiments.

Everett G. Griggs, President of the St. Paul and Tacoma Lumber Company, called attention to the achievements of the Central Committee on Lumber Standards and the Western Forestry and Conservation Association. According to Mr. Griggs:

The crying need of America today is conservation of resources, the proper utilization of them and elimination of waste. The Chamber of Commerce of the United States, in establishing the keynote of this convention, has provided a forum wherein we can discuss the business problems that confront our natural resources of coal, oil, lumber and power. No problem more vitally concerns the welfare of our country.

It is my province to introduce lumber. Where a product of the soil supports one-tenth of the population of the United States, it is a subject well worth the consideration of this body, and I indeed welcome the opportunity to cite some of its problems and accomplishments. Sixty-

Lumber's Fight for Home Rule

(Natural Resources)

"SELF-GOVERNMENT is only a means towards an end, and that end is the public welfare as well as the welfare of the units of an industry," said Milton E. Marcuse, President of the Bedford Pulp and Paper Company, sounding the keynote of the Natural Resources Group meeting, at which he presided.

Continuing, Mr. Marcuse pointed out that while comparatively few have neglected to "put their house in order," many have failed

to see the importance of telling the true story to the public. Engrossed in their own affairs, they have allowed a distorted picture of their activities to spread abroad, and a demand for remedial legislation has arisen.

As long as the lumberman is pictured as a despoiler of forests, he can expect little helpful public interest in his problems. Who can sympathize with a coal man pictured as an oppressor of labor or with a power, oil or coal man who to the popular imagina-

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five per cent of our population in Washington and Oregon depends on the lumber business, and it always will be the vast storehouse for our timber requirements.

The great timber resources of the South, because of their closer proximity to the large centers of population, will continue to supply the consuming public with lumber; but where logged-off lands can produce recurrent annual crops of another commodity that will pay, reforestation will not be practiced. Southern operations have passed their peak production, but their stand of timber will be perpetuated by reforestation in some areas, and higher prices will warrant cleaner cutting and more timber.

What Lumbermen Are Doing

I WISH to call to your attention the efforts the lumber industry—north, south, east and west—is making to better conditions. The great industrial and political upheavals that affect our country and its policies, have corrected many abuses. We have learned a lot about trusts, railroads and mergers. The popular mind swings from one extreme to another, but we are progressing. The Webb-Pomerene Act, passed by our Congress to encourage export organization, was appealed to in the case of the Federal Trade Commission against the Douglas Fir Exploitation & Export Company on the Pacific Coast, and it cost this body of patriotic lumbermen \$100,000 to find out its legal status and to get a clean bill of health. The industry must absorb such high-handed proceedings, and bills must be paid.

Waste Eliminated by Standards

IT COMES with very good grace, then, when an industry as vast as the lumber business can through cooperation with our governmental channels adopt standards of manufacture that will eventually eliminate waste and conserve resources.

I am glad to tell you that the survey made by the Central Committee on Lumber Standards shows that during the past quarter the standards already established have been used in the movement of nearly 90 per cent of all the lumber in the country. This is indeed a most astonishing success. It has been estimated by responsible members of the industry that the waste already eliminated by this work runs into tens of millions annually. Whatever

it may be, it is just as important to the public as a reduction of taxes.

The work of this annual conference has not alone represented the determination and very considerable acceptance of many major items in standards of quality and dimensions. It has given a leadership to thought as to practical methods of conservation as opposed to mere preaching.

Summing up, therefore, the accomplishments that stand out prominently in the lumber business, I would mention standardization of grades and sizes, fire prevention and reforestation, taxation and elimination of waste and combined effort in trade extension; in all of these we are receiving cooperation of the government officials and departments.

If wasteful methods are being pursued by reason of the burden of taxation, some study should be directed to this problem that would protect the vast resources of the country. I hold no brief for Mr. Pinchot, Mr. Graves or Colonel Greeley, but unless these foresters arouse the country to a consideration of its forestry problems, we shall have nothing to protect in the future.

Kind Words for the Chamber

IN CLOSING this paper, I feel that we lumbermen owe a debt of gratitude to the Chamber of Commerce of the United States. I have been a director for several years and have witnessed some wonderful accomplishments due to this organization. Its survey of the lumber industry some years ago was the most thorough investigation ever made and was national in scope. The benefits that will accrue to the lumber industry from the investigation and study of our problems should win to this National Chamber the continued support of every lumberman in the country.

Self-government in the coal industry was urged by Walter Barnum, New York City, President of the Pacific Coast Company. The major parts of his address are printed elsewhere in this magazine.

The problem of forest taxation was brought to the attention of the meeting by Mr. Griggs, and that of western grazing, by Dwight B. Heard, of Arizona, a director of the Chamber. Both resolutions were adopted by the Annual Meeting and appear elsewhere.



The Francis Scott Key mansion, Georgetown. It was demolished several years ago when the Key Memorial Bridge was built.

When writing to SOUTH AFRICA GOVERNMENT BUREAU please mention Nation's Business

4

Phillips and Magee were strolling on the boat deck.

"I'm hearing a lot about your company these days", remarked Phillips. "The current gossip says you've taken a big step ahead in this last year. How did you do it?"

"You've asked for a large story. For one thing, we adopted a more forward-looking attitude toward the business. We are advertising more. We watch details more. We try to look at ourselves through our customers' eyes."

Naturally Magee believed in fine writing paper. It would be an injustice to him to suggest that he spent all his working hours thinking deeply about stationery. But he did make an effort to see his firm through his customers' eyes. It was an illuminating experience. Immediately he made an issue of good paper for general correspondence, and won a victory.

Ask your purchasing department to ask your printer, lithographer, die stamper, or stationer for estimates on Crane's Bond No. 29 with envelopes to match.



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Self-Regulation in Marketing

(Domestic Distribution)

IN OPENING the session, Theodore F. Whitmarsh, Chairman of the Domestic Distribution Department Advisory Committee, described in some detail the causes which inspired the National Distribution Conference and the results obtained—a highly practical example of how distributors have applied the principles of self-regulation of business to their own affairs.

At the beginning of his address on "A Census of Distribution," E. M. West gave a picture of the economic growth of the country since 1914, and then went on:

Has the machinery of distribution kept pace with the increased demand made upon it by increased production and consumption? Is it capable of absorbing further increases which may be expected in the next decade?

One of the results of readjustment following the war was hand-to-mouth buying, barely keeping pace with current demand. This imposed radical changes. The retailer buys less. The multiple warehouses represented by his stock rooms and display shelves are no longer overcrowded. His reserve stocks the jobber may carry, but jobbers' warehouses are no longer bulging. They, too, are buying in small quantities and their reserves the manufacturer must care for.

Hence the manufacturer protests. He cannot regulate his production and adjust it to uncertain demand. He cannot anticipate his requirements for material. He cannot manufacture a steady flow of goods without assured outlets to relieve his stock rooms. He looks for relief. Some seek it in direct selling. Some turn to chain stores. Some try other means. There is talk of supplanting and dispensing with various intermediary services. But all of these efforts have been groping and uncertain. The growth of chain stores and buying chains, impelled by war deflation and stimulated by certain economies the chains effect, has been one of the outstanding developments of recent years. No one knows how far they have expanded; none would dare predict how far they will extend.

What has this to do with the distribution census? A distribution census will afford means of defining the anatomy of the distribution structure; it will permit study of its circulation system; this must precede any diagnosis of structural deficiencies and circulation weaknesses. Corrective measures must be based on accurate diagnoses.

Mr. West's address contained many examples illustrating the ingenious efforts of distributors in combating every form of discoverable waste. Here are two typical instances:

One jobber has cut his lines one-third, his territory one-quarter, his accounts one-half. He has concentrated his buying, concluding that he could require from the sources of his supplies services which are essential to him only if the volume that he bought justified and supported such necessary services. He presented this concept to his customers. They could require services of him only when they bought sufficient to warrant these services. Their purchases should be in quantities and at intervals that permit economical handling. He shared his savings with them and saw his volume increase in the face of general decreases among his competitors, until it practically equalled his 1920 peak volume.

Another jobber ascertained which lines paid him a profit and which he handled below cost. He displayed his figures to his retailers. He showed them that the items that returned him a profit were handled by them at a profit; that the items that he handled below cost, they sold

at a loss. So he induced them to concentrate their buying on profitable lines and to reduce their stocks of unprofitable lines. They benefited mutually.

Again Mr. West asked what this has to do with a census of distribution:

Can selective distribution be obtained without measurements of the capacity for consumption and comparison of potentials? Those employing the selective methods must establish standards and make comparisons to apply selection. What is done individually with incomplete information can be done better collectively with complete information. The census of distribution would afford the means.

The first step is, where are the consumers? The second step, what are their needs?

Where are the consumers, is a study of population distribution. What are their needs, is a study of consumption.

Accessibility of consumers is a measurement of the time and distance that products must be carried to reach consumers. Accessibility, too, is the measure of the service required to transport the product to the consumer. Accessibility of consumers is a study of both distribution and consumption, correlated.

In conclusion, Mr. West gave what he regards as the elements of a census of distribution:

1. A count of distribution by trades;
2. An enumeration of commodity outlets, by commodities;
3. Volume of sales by trades, by commodities;
4. Average inventory by trades, by commodities;
5. Costs of doing business, by trades;
6. Capital investment and their nature, by trades;
7. Working capital and rates of turnover, by trades;
8. Fixed charges, such as rents, taxes, licenses, by trades;
9. Salaries paid and numbers employed, by trades.

O. H. Cheney in his opening paragraph set a pace in his address on instalment selling which, neither in wit nor wisdom, was relaxed for an instant:

Do you believe that instalment selling should be prohibited by a new amendment to the Constitution? I agree with you. Do you believe that a new passage extolling the glories of instalment selling as a fundamental right of man, with life, liberty and the pursuit of happiness should be inserted in the Declaration of Independence? I agree with you in that, too. That is the state I am in after listening to opinions on instalment selling for the past year or two. I have talked with automobile manufacturers and clothing manufacturers, with piano dealers and grocers, with finance corporation presidents and savings bank presidents, with economists and with ordinary mortals. I feel like Francis Scott Key in the "dawn's early light." But I can hardly see anything but the "bombs bursting in air."

Last June the National Retail Hardware Association, at its annual congress, had presented for its consideration the plan of the Save-the-Surface Campaign to sell house painting on the instalment plan. After hearing both sides, the congress passed a resolution condemning the partial-payment paint plan, in these very words, "economically unsound." Just before the vote was taken four members, composing a so-called "instalment quartette," sang a song entitled "A Dollar Down and a Dollar a Week."

Now, for some reason or other, I find it hard to believe that judgments as to the economic

soundness of any business development can be made from jazz parodies or burlesque quartettes. Personally, I am inclined to be a little doubtful even about the efficacy of having a board of bank directors sing "The March of the Vagabonds" before deciding on a line of credit for a customer or "Sweet Adeline" before deciding whether to open a special women's department. No, I do not believe that we can sound the keynote of an economic movement by striking up a barber-shop chord. But then, I am a hide-bound and conservative banker.

Getting down to the practical effect, Mr. Cheney said:

It would be too much to expect the normal average business man to consider such abstractions as the economic welfare of the country in working out some practical problem of his business. He will use such abstractions to rationalize his actions or his prejudices, but he does not consider himself the guardian of the economic welfare of his country or his brother's keeper.

He will denounce instalment selling vigorously and picturesquely and will become almost academic in his avowed love for abstract economic welfare, but he will adopt instalment selling as soon as he finds it desirable or necessary for his business. He will warn the world that instalment selling is "going too far," but when he joins the procession it will be the other fellow who is overdoing it. I am not saying this in any spirit of criticism; the business man cannot be blamed for his attitude on such subjects, because he has not the facts upon which to decide what is or what is not for the economic welfare of the country.

Paste this statement in your hat:

Present-day instalment selling was born of competition and lives and grows by competition. And who knows?—some day it may die off through competition.

Mr. Cheney's analysis of methods and practices was extraordinarily clear, as for example:

Plans should be adapted to the type of customer. One large organization wisely has one set of terms for city customers and another for farmers who can pay best at crop time. Standard terms are in many cases a mistake. The customer should be encouraged to pay down as much as possible and to pay off as quickly as possible. The financing charges should be proportionate and known. But this plan is not always practiced where it is available, because it is simpler for a salesman to offer maximum terms at the very outset.

Alfred Reeves, General Manager of the National Automobile Chamber of Commerce, spoke from the floor in reply to Mr. Cheney:

With the most profound respect for this very able paper of Mr. Cheney and agreeing with many of the things he has to say, I can't but feel that there are many things unsaid and some new facts which would be of interest to this audience.

It doesn't seem to me that the automobile industry can be so far wrong, even if it does do a large part of its business on instalments.

The automobile industry is now rated first in America, steel second and meat-packing third. It is second in exports.

Notwithstanding that automobile companies are making profits, dealers are making profits and finance companies are making profits, our industry is the only one save the electric light that is giving more than 100 cents for the 1913 dollar. We are giving \$1.14, with electric current at \$1.09.

Our industry seems to be well off financially, the bond issues against the whole industry, which does a business of \$3,000,000,000 a year, being less than \$25,000,000.

It might be unfair to say that the critics of instalment buying are generally those who do not profit by it, and yet I find that when industries get into instalment buying, they see its merits and continue.

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THREE of Detroit's important business buildings are included in the above view. All are faced with Terra Cotta. They are:

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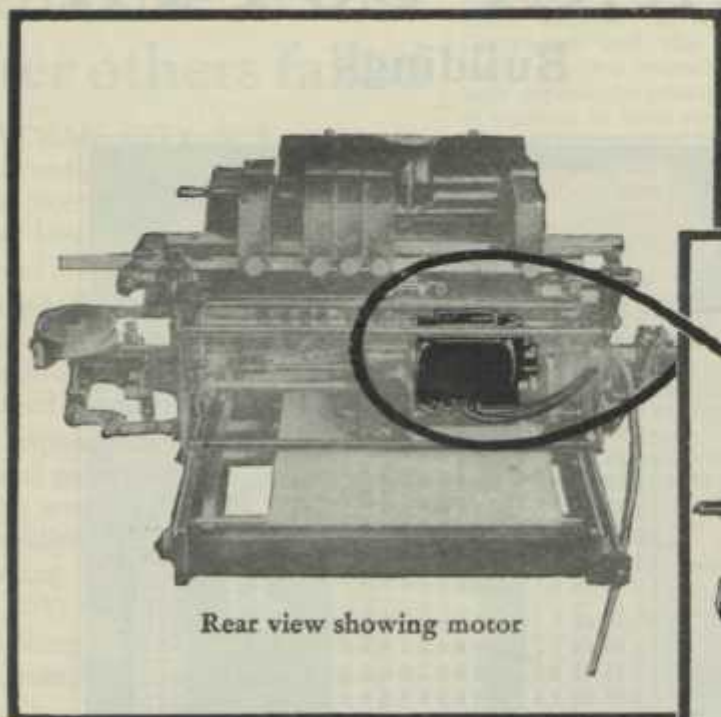
Ford Building (adjoining) D. H. Burnham & Co., Architects.

Strohm Building (in background) Giaver, Dinkelberg & Ellington, Architects.

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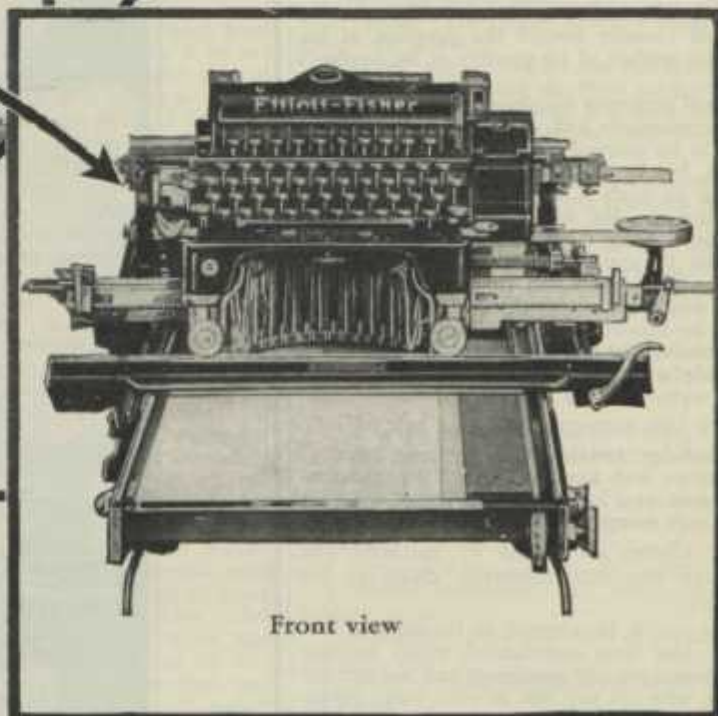
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the hands never leave the keyboard, except to insert forms. The electric motor on the Elliott-Fisher does the rest.

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Wages and Foreman Training

(Manufacture)

THE CRISIS in the great industrial upheaval in England had just been reached when the Manufacture Group Meeting brought together a representative group of outstanding manufacturing executives of the country to consider two of the most vital and timely factors in employment relations between management and men.

Wages and industrial training have an international significance at this time, when the nations are striving to advance their interests in the markets of the world and maintain peace and prosperity of their people at home. It is truly a time of proving old and new theories in the light of experience not only for our own country but the world.

The first address was presented by Paul W. Litchfield, President of the Goodyear Tire and Rubber Company, Akron, Ohio, on the subject of "Wages—The Present Attitude of Employer and Employee." Here is his viewpoint:

The buying power of the people cannot be great when they are idle, or when they are producing inefficiently. Waste must be kept at a minimum, especially waste of time, because time is the most valuable thing in the world and the world's greatest capital asset. Time wasted is the only thing which cannot be replaced; therefore the greatest of waste is that due to unemployment.

Mr. Litchfield's attitude on the maintenance of wages during times of depression is interesting:

It used to be the thought of industry that the first thing to cut when profits began to shrink was wages. It is now recognized that this condition should be met by increased efficiency, elimination of waste, the cutting down of overheads in production and distribution, and an attempt to maintain wages by translating wages into increased and more efficient production, because a general cutting down of wages curtails the demand for the finished products of industry, the demand for which is the very life-blood of business and prosperity.

The progress of civilization has always been away from each man producing all of his own needs, and towards specialization and skill, and producing a few articles and exchanging these articles for other articles skillfully produced by others.

Changed Attitude Apparent

A CHANGED attitude on the part of employee as well as employer is discerned by Mr. Litchfield:

For many years it has been the opinion of many workers that a man should be paid for the time he puts in. He wished to make such use of his time as he thought proper, being paid wages of a fixed amount per hour based upon the classification under which he worked rather than upon the amount of goods which he produced. Frequently in the past there have been sharp disagreements between management and labor on this point.

Since the beginning of the World War, wages in many industries have advanced to more than double pre-war rates. This has increased the cost of living, but the purchasing power of the wage has come up to a greater extent than the cost of living or the exchange value of the wage, so that today the standard of living or the purchasing power of the wage is approximately thirty per cent above the pre-war standard.

The discussion of Mr. Litchfield's paper

was both spontaneous and challenging. Here are some of the things said:

JULIUS H. BARNES: At Rome in 1923 the business men of forty countries accepted that definition of principles which must ultimately interpret industrial relations in four major simple statements: first, the adoption of labor-saving and invention devices with large production; second, no arbitrary restriction on output; third, relative compensation which rated a worker according to his performance; and fourth, a declaration of the superiority of private ownership and operation over state ownership and operation.

Now, I appeal to you whether they do not furnish a common ground for a common interest between employer and employee, and I appeal to you to decide if when the Federation of Labor said the value of the worker's wage rests finally on the result of production, the first three had not come into play by that declaration. The other as to the superiority of private ownership and operation is firmly seated in the public opinion of America today, and so for the first time in many years we are groping toward a common understanding between employer and employee which will be identical.

ROBERT BIDDLE, President of the Biddle-Gaumer Company, Philadelphia: In Mr. Litchfield's paper and also in Mr. Barnes' splendid address reference was made to the American Federation of Labor's declaration at their Atlantic City Convention concerning the new policy of the American Federation of Labor, which was to increase production for the value of the wage received, or in other words, base wages on production instead of the old method of high wage and as little as you can produce.

Fallen For Labor Propaganda

IT SEEMS to me that both these gentlemen have fallen for that propaganda, which was to increase the membership of the Federation. Even our own Chamber fell for it and some of our manufacturers. I am sorry to see these gentlemen of broad national experience also fall for that propaganda.

MR. LITCHFIELD: There is, and there always will be, a strong difference of opinion between organized labor and manufacturers. In our own particular industry we are for the American Plan and are working under the American Plan. You accuse us of falling for that propaganda. I do not look upon it as falling for propaganda. To me it is simply a statement of principle.

It has been heretofore largely the attitude of labor to demand so much an hour for the time they put in regardless of what they produce. The manufacturers have contended that it is not how much time a man puts in that makes his service of value but what he produces with that time; and if the American Federation of Labor adopts one of the things we have been standing for, there is no reason, because they adopt it, that we should abandon it.

The address on foreman training was by Cyrus McCormick, Jr., Vice-President of the International Harvester Company, Chicago.

Supplementing Mr. Litchfield's remarks to the effect that wastes of all kinds must be kept at a minimum, particularly the waste of time, Mr. McCormick made the following pointed observations:

I presume we can agree readily that the three outstanding problems of industry are maintenance and production, reduction in cost, and improvement in quality. Underlying these three and a part of each of them is one possibly more important than any of them, and that is the development or training of man-power.

Industry today is spending so much effort

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Finance
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Membership Building and Conservation
Organization Finance and Business Management
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**TRADE ORGANIZATION
TECHNICAL SUBJECTS**

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Structure
Membership
Finance
Committees
Meetings, Conferences and Conventions
Assemblage and Use of Statistics
Publicity
Activities
The Secretary and His Job

Second Year Men

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Industrial Research
Trade Association Statistics
Commercial Research

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"I, therefore, recommend,

Mr. President, that we direct our Secretary to attend and that we authorize him to draw on our treasurer for such funds as are required to meet his necessary expenses."

The motion was seconded, put and unanimously carried. Thus, thanks to the alertness of one member of the Board of Directors, another Secretary and his own organization will profit through the work of the

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National Ass'n of Commercial Organization Secretaries
American Trade Association Executives
Northwestern University

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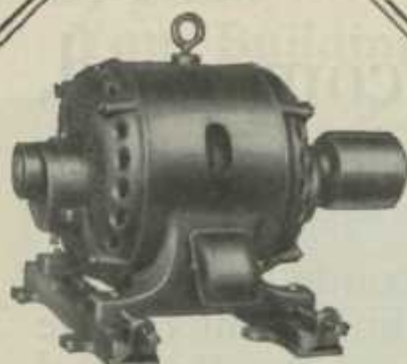
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7½ Horse Power Century Squirrel-Cage Induction Polyphase Motor

They Keep a-Running

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Applied to Century Squirrel-cage Induction Polyphase Motors it means, among other things:—

- 1 Bearings that last.
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- 3 A temperature rise not more than 40° Centigrade.

If interested in construction details of Century Squirrel-cage Induction Polyphase Motors, send for Bulletin No. 38.

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trying to discover or uncover latent talent and ability for real leadership and extraordinary accomplishment that I should like to treat the subject assigned to me in its broader aspect and discuss it from the standpoint of the development of men.

Experience in industry records that the progressive, alert, keen, ambitious worker of today is the foreman of tomorrow and the executive of the future. It is obvious that management should make easy the progressive road for ambitious employees to reach the goal of real executive leadership. Foreman training involves not merely reinforcing the ability of a department head but also instructing the future executive.

Mr. McCormick's analysis of the responsibilities of the foreman under present industrial conditions is as follows:

Let us look at the job of the foreman and see just what are its outstanding elements, in relation to the jobs of the specialists. We commission the foreman with the carrying out of something like the following: Responsibility for an established amount of product of high quality at low cost, produced without injury by a satisfied, efficient and healthy organization; for the proper instruction of new men and the supervision of both old and new employees; for an effectual liaison between management and the employees under him. In a word, the foreman, in spite of the presence of the specialists, is responsible for every relation between the employer and a certain group of workers.

Thus a company's policy is no sounder than the actual working policy of each of its foremen. Employee representation, for example, cannot function if a foreman disbelieves in this method of industrial relations so profoundly that he cannot square his acts with this policy. Business should create, and has created, departments to develop and correlate personal

policies. But the foreman must be the one to apply these. The same thing is true of inspection standards, cost data, rates of pay, and so forth. Any movement or action by the management that fails to recognize this fundamental principle of organization and delegate authority must eventually be disappointed. Only in strict adherence to the principle of foreman responsibility can the foreman be developed or can management expect to get maximum results from its plans and policies.

The procedure in connection with foreman training in the International Harvester Company was described by Mr. McCormick. Especially interesting, perhaps, is the attitude of Mr. McCormick's company on the matter of promotion within the company as compared with the hiring of foremen and other executives from the outside. He said:

We believe in the soundness of the principle of filling all vacancies from within our organization, whenever possible. We preach that when this proves to be impossible, we ourselves have failed in a particular job of training a man for a given position. Regrettably we turn to the outside world to find there the talent which we ourselves failed to provide. We practice the belief that no man has ever been injured by training under him a man better equipped for his position than is he himself. Such a policy is very effective in attracting better types of young employees, whether they be college men or men trained in thinking by other methods, and it will stimulate the older employees to greater effort and higher efficiency. The most effective method of training men to train men is to provide competition with other good men. The American industrial system is largely based upon the proven fact that its rewards go to those men best qualified to receive them.

Local Chambers and Traffic

(Transportation and Communication)

THE CITY traffic problem was the general topic under consideration at the group meeting of the Transportation and Communication Department, and the addresses and discussion held the attention of some 240 present. All of the speakers emphasized the opportunity of the local chamber of commerce for leadership in solving the problem.

Widespread interest in the many other phases of transportation and communication was manifested in eight resolutions presented and adopted. This included:

Endorsement of the program of the National Conference on Street and Highway Safety and recognition of the responsibility of commercial organizations to help put it into effect.

A recommendation for legislation encouraging the development of commercial aeronautics.

One for regulation of radio to prevent disorder in the use of the air, but without interference with private management of programs.

One for legislation authorizing the use of government radio facilities, but only for international purposes where adequate privately owned facilities are not available.

A resolution that the Chamber conduct a campaign for better preparation of goods for shipment.

A reaffirmation of the endorsement of the findings of the National Merchant Marine Conference embodied in Referendum 48.

A recommendation that Congress and the

War Department consider the advisability of constructing the Atlantic-Mississippi Barge Canal.

Congratulation of Lieutenant-Commander Byrd and the Navy Department for his recent successful flight to the North Pole.

A. L. Humphrey, President of Westinghouse Air Brake Company, Pittsburgh, and Chairman of the Advisory Committee of the Transportation and Communication Department, presided.

Elliot H. Goodwin, Resident Vice-President of the Chamber of Commerce of the United States, reviewed briefly the work during the last two years of the National Conference on Street and Highway Safety. He stated that with the adoption at the general meeting March 23, 24 and 25 of a program covering all phases of street and highway safety the Conference, as such, had completed its work, and the participating organizations must be depended upon to put that program into effect.

"To deal promptly and properly with the traffic problem is a fundamental function of state and local governments," said Mr. Goodwin.

The genius of commercial organizations and trade associations is by suggestion to guide, stimulate and support the action of the constituted authorities. Commercial organizations generally have not as yet created adequate machinery to work on the traffic problem. In most cases the activity of the organization in this connection is a sideline of the work of the always-overburdened secretary.

Where this is the case I would suggest as a

first step the appointment of a small local committee of business men and transportation executives to survey the problem in the light of the Conference on Street and Highway Safety program, with a view to the needs of the local situation. Depending upon the size of the community, this committee may or may not require special staff assistance and more or less of a budget.

In some communities this work is already in hand, and I hope that this afternoon we shall have the benefit of the experiences of those commercial organizations which have cooperated in their communities in dealing with traffic matters. The subject of traffic congestion is one of great practical importance to business men, while the results of traffic accidents carry a human appeal that cannot fail to enlist the support of any man. I am convinced that commercial organizations have not only a duty but a real opportunity, both in their communities and to their organizations, through properly organized and conducted activities in connection with this new subject of city traffic.

Frank R. Coates, President of the American Electric Railway Association, said that the electric railways, operating 80,000 street cars and 6,500 buses, and carrying 15,000,000 passengers per annum, or more than 40,000,000 passengers per day, regard themselves as representing the interests of the masses of the people.

As such, the electric railway people must think as transportation experts rather than as strictly electric railway experts. They must know thoroughly the transportation needs of their communities and must neither have prejudice for the electric car if the bus would serve the community better nor recommend bus service if an electric railway extension would render better service. Their duty is to give the community the best possible expert transportation advice.

There is no conflict of opinion, thought Mr. Coates, as to the seriousness of the traffic situation. Most of our cities were laid out 50, 100 or more years ago, with no thought for any kind of highway transportation except horse-drawn vehicles. The thrusting of 20,000,000 unanticipated automotive vehicles into cities and towns so laid out and built up, has brought about the terrific congestion which we now strive to relieve. Assuming that there is to be a still greater volume of traffic on the streets and highways, Mr. Coates believed it is time for every growing community to make a transportation plan. Said he:

The Chamber of Commerce should be the clearing house for all local problems. It should be the inspirational center of the community. Under its leadership the greatest good for the community should be accomplished. Unanimity of opinion is not always to be expected when controversial matters are taken up, but out of frank and full discussion there ought always to come greater understanding and greater recognition of what is best for the community as a whole.

To illustrate what a commercial organization can do, Mr. Coates cited the work of the Chicago Association of Commerce in bringing about the traffic-signal system recently put into operation in Chicago. In the midst of terrific traffic congestion in the Loop District and conflict of opinion as to what should be done to remedy conditions, the city traffic committee of the Chicago Association of Commerce set to work. The committee obtained the cooperation of the city government, the electric railway lines and the business interests.

After a long and thorough survey, street cars were rerouted, many left-hand turns were eliminated and the signal-control sys-



60 H.P. Morse Silent Chain Drive from motor to Ball Mill, National Carbon Co.

Eveready Batteries are built to "last longer." Products "manufactured and guaranteed by National Carbon Co." necessarily call for efficient manufacturing processes and reliable, economical equipment in the manufacturing plant.

Like many other well-known plants, National Carbon Company relies on Morse Silent Chains for transmitting power from motors to many machines.

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EXCLUSIVE FEATURES:

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Saves time and labor, for one man (or boy) can cut from 3 to 6 times as much grass in a day as with a hand mower.

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HUMAN NATURE IN BUSINESS

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Some of the chapter headings are: Honesty in the Average Man, Habits of the Shopper, the Law of Averages, Cashing in on Footsteps, Human Nature and the Weather.

Sent prepaid for \$1

NATION'S BUSINESS
Washington, D. C.

tem was installed, which enables one to drive through the Loop District at 12 miles an hour without interference from other traffic, with an increase of street capacity of from 50 to 80 per cent.

There is no panacea, Mr. Coates thinks, for traffic congestion. Conditions vary in different communities. His advice is:

Get your civic leaders together. Call in your street railway people, your automobile club representatives, your steam railroad people, your merchants, your manufacturers. Go over your problem. Thrust out your difficulties. Get rid of any taint of selfishness. Pledge yourself that what you decide shall be that which will be of greatest service to your entire community. Be guided somewhat by the experience of communities that have already tackled the problem, but if they have made mistakes, profit by them. Take your time about reaching your decision, but when you have reached it go ahead with it. And whatever decision you reach, be sure that it is capable of modification in the future, when your city shall grow and the traffic demand shall increase or change.

Captain E. V. Rickenbacker, of the Traffic Planning and Safety Committee of the National Automobile Chamber of Commerce, expressed the belief that much can be done to increase the capacity of our existing facilities.

Eliminating a certain proportion of highway accidents due to the operation of vehicles by the criminally negligent, by defectives and by intoxicated persons, he believed a large part of the accidents are due to congestion in traffic, which leads to confusion of the driver, and to delays which lead to unwarranted hurrying afterwards and conduce to nervous strain.

W. R. Dawes, President of the Chicago Association of Commerce, led the discussion following the addresses. He said that in order to get at the problem, the Traffic Committee of the Association had drawn into conference wholesale and retail merchants, newspapers, manufacturers, automobile distributors, lawyers, realtors, architects and engineers, insurance companies, surface lines, elevated lines, motor bus companies, taxicabs, utility companies, railroads, banks, managers of large downtown buildings, representatives of the National Safety Council, city and park police and the Chicago Planning Commission.

Insurance Makes Its Own Rules

(Insurance)

NEXT YEAR the legislatures of most states will be in session, and many measures affected with insurance interest will be considered. H. A. Smith, Chairman of the Insurance Advisory Committee, in the course of his annual address before the Insurance Group Meeting, cited several forms of insurance legislation which will probably be proposed, and urged the importance of collective action in behalf of policyholders.

One form of legislation in which policyholders are interested is the universal enactment of certification-of-automobile-title laws by states. The National Chamber is committed to the principle of these laws. After mentioning this fact, Mr. Smith said:

Today we find twenty-four states which have certification-of-automobile-title legislation. It is important that all states have similar legislation in order to prevent automobile thieves from running stolen cars from states which have

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a NATION'S BUSINESS
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This Extra Edition is different in many respects from our regular issues. It is only a hint of what NATION'S BUSINESS is like.

The way to find out about NATION'S BUSINESS and to see how it will help you in the conduct of your business is to look over one of our regular numbers, the June number, for example.

You can obtain a description of the magazine and a return postal card which entitles you to an approval subscription by writing to the United States Chamber of Commerce at Washington, D. C. Ask for the "NATION'S BUSINESS approval subscription offer."

More than 221,000 executives and professional men are reading NATION'S BUSINESS regularly today. There were less than 10,000 as few as ten years ago.

this legislation into states which do not have it. The work of the Insurance Advisory Committee during the last year has been toward this end. As a means of further stimulation of interest among organization members and public officials, the committee has again reviewed the beneficial results of certification-of-automobile-title laws and broadly distributed this information throughout the country.

As another illustration the speaker told how the Chamber had gone on record in 1924 that special state insurance taxes should not be considered as a source of general revenue, but should be reduced to the total in each state which will adequately support its departmental supervision.

Mr. Smith continued:

For the past three years we have made an annual review of the trend of the total amount of special insurance licenses, taxes and fees collected by the states. New material on insurance taxes has been collected and analyzed. The results have shown a decided trend toward greater indirect imposts upon policyholders and a smaller percentage spent for service to policyholders by the respective states. These levies are no longer considered as payments for supervision, but rather sources of revenue for the operation of various state functions for which policyholders have already been taxed as citizens.

Workmen's compensation laws were also discussed by the speaker. He said:

The constantly increasing costs due to the liberalizing tendencies of workmen's compensation laws are receiving general attention from business men. We have aimed to be of service to them by informing them of the trend.

The Chamber has been active in helping to bring about the adoption of a constructive workmen's compensation measure for the District of Columbia, known as the Underhill Bill.

That we have the whole-hearted assistance of member organizations located throughout the United States is evident from the action taken by them at our request. It is interesting to note that the Underhill Bill has been unanimously approved by the business men's organizations of the District of Columbia and the District Commissioners.

The Need for Statistics

AS CHAIRMAN of the Vital Statistics Committee of the Insurance Advisory Committee, Leroy A. Lincoln, General Attorney of the Metropolitan Life Insurance Company, reported that the Division had made a careful study of the need for proper collection and preservation of vital statistics. The Federal Government, through the Division of Vital Statistics of the Census Bureau, is endeavoring to have every state in the so-called "Registration Area" by 1930.

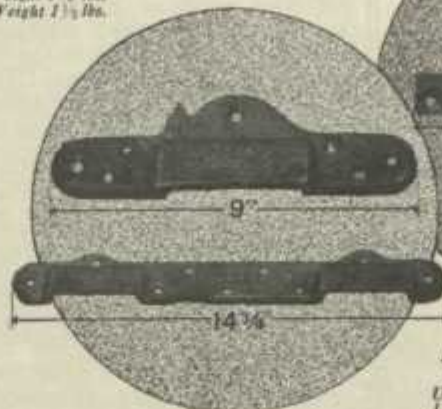
With respect to death registration, Mr. Lincoln reported that there are only three states, South Dakota, Nevada and Texas, which do not have satisfactory laws at the present time and only four others, Arizona, New Mexico, Oklahoma and Arkansas, which do not function satisfactorily under their existing laws. Georgia may temporarily be added to this list, but the situation there is in a fair way to being cured, Mr. Lincoln said.

In birth registration, the states mentioned with respect to deaths are in the same situation; and there are, in addition, the following states where the work is not properly carried on, notwithstanding the existence of satisfactory laws: South Carolina, Alabama, Tennessee, Louisiana, Arkansas, Missouri, Colorado and Idaho.

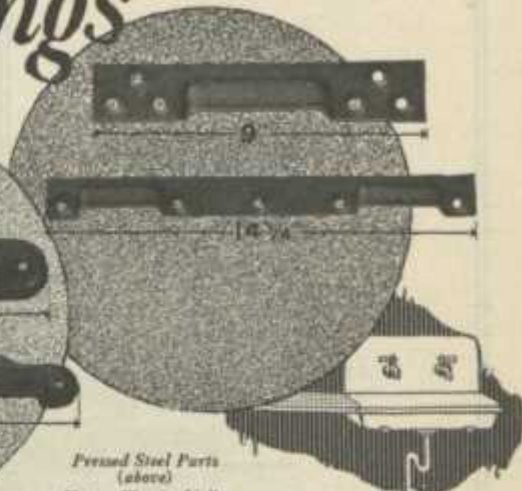
Mr. Lincoln said that the Insurance Advisory Committee recommended that the National Chamber encourage the enactment

No Romance Here ~ just plain Savings

Cast Parts (below)
Upper, Weight 1 1/2 lbs.
Lower, Weight 1 1/2 lbs.



Pressed Steel Parts
(above)
Upper, Weight 1/2 lb.
Lower, Weight 1/2 lb.



A SINK hanger is an unromantic thing. Its job is not spectacular, it doesn't "come from far-off lands," it doesn't even need to be good looking! Hiding back of your kitchen sink, all it needs is supporting strength.

"All very true," said a nationally-known manufacturer of plumbing fixtures, "but that doesn't mean our cast iron sink hangers *don't* cost money. They *do*—too much!"

So they came to pressed steel headquarters. And YPS got results—a real saving in cost; an average weight saving of 25%; an increase in strength; and best of all, complete elimination of breakage.

Are you using an "unromantic" casting in your product? "Pressing it from steel instead" may mean a saving of thousands of dollars a year for you. Send us a sample or blue print of any casting you now use. We'll gladly tell you how much you can *reduce its cost by pressing it from steel*—and without obligation to you, of course.

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comfort, at rates no higher than at
less finely appointed hotels.

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THE ROMANCE OF WORLD TRADE

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Do you remember Mr. Dennis's
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These articles have been incorporated in
his excellent prognostication of interna-
tional business. Mr. Dennis writes out
of the hard, bright world of personal expe-
rience rather than through the dimmer
medium of what others have said. He
analyzes factually the agricultural and
commercial conditions of Europe, and
shows in what products it is either our
customer or competitor. At the same
time he deals not so much with the facts
of world trade as with the invisible influ-
ences which lie behind these facts.

Mr. Dennis presents eloquently the rea-
sons for America's supremacy in the realm
of business. He shows that the character
of American Business has been molded
by an adventurous, pioneering genius that
ever seeks to push aside the mysterious
veil which divides the known from the
unknown.

A book of hard business philosophy
that reads like a fascinating
novel! - - - - - \$4

HENRY HOLT AND COMPANY
One Park Avenue New York

of appropriate laws and practices looking
toward the proper collection and maintenance
of records of vital statistics in states or lo-
calities not now included in what is known
as the "Registration Area," as well as the
maintenance of the necessary standards set
by the Bureau of Census for states already
in the "Registration Area."

After this report had been submitted, the
following resolution was passed by the In-
surance Group Session: "The compilation of
vital statistics is of importance to the nation
and component parts thereof. The Chamber
of Commerce of the United States urges the
various states to take such action as may
be necessary to bring about the installation
and maintenance of a uniform system for
reporting vital statistics."

The report submitted by James S. Kem-
per, President of the Lumbermen's Mutual
Casualty Company, as Chairman of the Com-
pulsory Automobile Insurance Division of the
Advisory Committee, was received with con-
siderable interest.

Discussion of the automobile accident
problem has also led to numerous suggestions
having to do with the securing of indemnity
for injured persons, and some of these re-
late to so-called compulsory automobile in-
surance. The Division investigated the prin-
ciples underlying proposals of this nature as
well as the arguments advanced for and
against them.

Mr. Kemper emphasized this fact:

If compulsory automobile insurance is to be
justified, as far as financial responsibility of
drivers is concerned, we should find a very
substantial percentage of unsatisfied judgments.
A diligent investigation does not disclose that
this is the case. As a means of checking this
phase of the matter, a survey of all of the
deaths during the past several years due to
automobiles, in the District of Columbia, was
made. It was found that judgments were not
satisfied in but 7.4 per cent of the cases where
judgments were secured.

Subsequent to Mr. Kemper's report the
following resolution was adopted by the In-
surance Group Meeting: "The Chamber of
Commerce of the United States is in sym-
pathy with any constructive effort looking
towards the reduction of the toll in life and
property resulting from accidents on streets
and highways. The Chamber believes this
can be accomplished through the initiation
and maintenance by states and municipali-
ties of automobile accident prevention activi-
ties, as well as the enactment and enforce-
ment of legislation necessary to accomplish
these objectives. The Chamber is opposed
to the principle of compulsory automobile
insurance."

Publicity Is Advocated

IN LINE with the general topic treated at
the Annual Meeting, "Self-regulation of
Business," two addresses were delivered on
the subject "Supervision and Regulation of
Insurance." Publicity as a medium for
supervision and regulation was advocated
as the most effective cure for business evils
by J. B. Reynolds, President of the Kansas
City Life Insurance Company. Mr. Rey-
nolds pointed out:

With the life insurance business, dealing as it
does with millions of individuals, selected from
all classes, scattered over an extensive territory,
not in touch with the officials or those in con-
trol, with no practical means of investigating
for themselves, its affairs involving the utmost
degree of integrity and good faith, supervision
of the business by competent authority is an
essential. To the most searching supervision
and examination of its methods and affairs, if

honestly conducted by competent hands, the life
insurance business can have, and does have, no
objection. In fact, it is most valuable to it,
and it is welcomed and desired.

Well-intentioned and well-administered super-
vision and regulation must have as a paramount
aim, the welfare of the public and especially
the welfare of the great group constituting the
policyholders of the companies. Any law or
rule otherwise applied is unfair, unjust, and
should be repealed or rescinded. At the same
time, either supervision or regulation should give
the widest possible latitude to the exercise of
individual freedom and self-government in
business.

Stringent regulating laws, with strait-jacket,
iron-clad rules, destroy individual initiative. In
all probability to such laws and regulation may
be attributed most of the controversies that
have existed, as well as much of the litigation
reported in our court proceedings.

Stacey W. Wade, Insurance Commissioner
of North Carolina, the other speaker on
supervision and regulation of insurance,
stressed the effects of unwise supervision and
regulation. Mr. Wade introduced his ad-
dress by saying:

The encouragement of private initiative is
one of the fundamentals of our business struc-
ture today. This has played a prominent part
in the constantly increasing amount of Amer-
ica's wealth. It has also been a predominant
factor in the development of our standards of
living and the improvement of our community
life so that they surpass those of any other
country in the world. Everywhere we look we
note progress. Every evidence of success is to
an extent due to private initiative. It is not
surprising, therefore, that the institution of in-
surance has grown by leaps and bounds when
we realize that it too has had the benefit of the
guiding influence of private initiative.

Regulation Must Be Helpful

THE SPEAKER declared that a system of
supervision and regulation of insurance,
when properly administered, is beneficial.
As he viewed it, the function of supervision
and regulation should be to assist private
enterprise in giving full expression to its
ideals and efforts. However, there have de-
veloped certain phases of supervision and
regulation which may have a retarding effect,
and these Mr. Wade discussed briefly.

Included among these, according to Com-
missioner Wade, is the danger from the
present system of rulings which Insurance
Commissioners are authorized by law to
make. Sometimes the rulings exceed proper
authority and in effect obtain the force of
law. The need of uniformity in the super-
vision and regulation was also stressed by
the speaker. He mentioned a number of
points on which different states had varying
requirements.

Mr. Wade also struck a blow at proposals
which are made from time to time to put the
states into the insurance business, saying:

We realize that the institution of insurance is
conducted on a sound and honest basis with its
activities safeguarded by competition as well as
by the various regulatory laws. If legislation
of this type is to be applied to private insurance
companies it is equally important that state
funds should operate under it.

In conclusion Mr. Wade indicated that
state insurance officials should realize that
their function is one of administration and
not of legislation. It is important that the
companies and those associated with them
should exercise the highest degree of self-
government. The future of insurance de-
pends upon the trinity of sound insurance
company administration, sensible supervision
and regulation on the part of the state and
proper support from policyholders.

A RENEWED VOTE OF CONFIDENCE



In the cabinet form of government, in operation in many of the leading nations of the world, the prime minister, as the head of the government, continues in office only as long as he retains the confidence of a majority in the popular branch of the parliament.

**and BY A
STILL GREATER
MAJORITY**

Year after year the department stores of Chicago have placed the preponderance of their advertising in The Chicago Daily News—and in the first four months of 1926 they have placed a still greater proportion in The Chicago Daily News.

This is, and should be, of particular significance to other advertisers at this time. It is *a renewed vote of confidence and by a still greater majority* from that group of advertisers who

are the shrewdest appraisers of every factor that enters into the cost—and the returns—of newspaper advertising in Chicago.

There is no safer guide for advertisers than to "Follow the Department Stores." They *know* the returns from a given expenditure in each of

the newspaper advertising mediums of a city, and in Chicago show their "confidence" by concentrating in

Total Department Store Advertising Lineage in Chicago Daily Newspapers

	First Four Months of 1926	First Four Months of 1925	Comparison Gain—Loss
The Daily News . . .	2,428,633	2,214,829	213,804 Gain
Second paper . . .	909,665	1,065,411	155,746 Loss
Third paper . . .	704,964	668,636	36,328 Gain
Fourth paper . . .	488,491	565,760	77,269 Loss
Fifth paper . . .	325,698	292,709	32,989 Gain
Sixth paper . . .	224,370	232,271	7,901 Loss

A detailed analysis of the department store advertising situation in Chicago, showing the lineage used by each store in each newspaper, will be sent upon request.

THE CHICAGO DAILY NEWS

First in Chicago

When writing to CHICAGO DAILY NEWS please mention Nation's Business

Farmers' Problem In New Light

(Agriculture)

IF THERE had existed anywhere doubt that business and industry look upon agriculture as of vital concern to the national welfare, that doubt should be completely dispelled after a review of what took place at the Fourteenth Annual Meeting.

President O'Leary's annual address strongly emphasized the recognition which the National Chamber gives to agriculture as a basic business. Secretary Hoover's address bristled with similar expressions. And the agricultural resolution passed by the Chamber was as a cap-sheath when it stated in the opening paragraph: "The welfare of American agriculture is of primary concern to our nation."

In this resolution the Chamber unconditionally defined its position as in no sense interpretable as a desire on its part to dictate to agriculture as to its program, but rather wishing to be of service in a spirit of the utmost cooperation. And further to strengthen that declaration, it placed itself squarely on record as welcoming cooperation from representatives of agriculture for holding a national agricultural conference with leaders of other industries to the end of agreeing on a national agricultural policy.

As the guest of honor at this first group meeting of Agricultural Service, Edwin T. Meredith, Chairman of the Advisory Committee to Agricultural Service, presiding, introduced William Patton Boland, the seventeen-year-old South Carolinian who won in 1925 the Southern Railway trophy cup for the best ten ears of corn grown in eight southern states. No less than 450 counties entered this competition. Newberry County, South Carolina, thanks to young Boland's efforts, carried off the honors.

Concern Not Pure Altruism

A REAL farmer, by name Jared Van Wageningen, Jr., of Schoharie County, New York—a man who derives his livelihood by farming the land which was settled 126 years ago by his forebears and which not once since has been out of the immediate family—in his own straightforward way presented his views as to the outlook on the agricultural situation. Said he:

The present almost universal concern for the welfare of the farmer is, of course, not pure altruism. Everybody wishes the farmer well. Everybody would be glad to see us prosperous. Industry realizes that given good economic conditions, the farmers constitute a tremendous potential purchasing power—a power that is missed by the industrial world when for any reason it cannot be used. The fertilizer makers and the implement manufacturers can give heartfelt testimony as to what happened in their business when farm prices collapsed in 1920. But when his condition permits, the farmer buys other things besides the tools of his trade. He is not fundamentally a "tight-wad" or different from other men.

The six million farm homes of this land offer a tremendous market for a thousand articles of use and comfort and luxury if only the farmers' economic margin can be made a little more ample.

In all conscience, the last decade of the century behind us was a period of hard, lean years. Personally, I think that in the East, at least, there was more heartbreak and suffering involved than in anything which has occurred during this latest depression. It culminated in the march of Coxey's Army and in the Great Free Silver Delusions. I believe

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our present troubles are ripening another crop of delusions not less fantastic.

The price movement struck bottom about 1894-1896, and then began a period of upward trend which continued until that fateful year 1914. The agricultural price index number was rising, not rapidly, but steadily and consistently, at an average rate of about $2\frac{1}{2}$ per year; and more important, it was rising faster than the general price level. Unquestionably those were good years for the farmer. I suppose that the farmer never felt more sure of himself and of his future than he did the summer that civilization broke down.

It does not seem to me that it requires any finely drawn theorizing to determine the fundamental reason for the farmer's troubles. Broadly speaking, it is simply the fact that there are so many farmers in the world and so many agricultural acres, that food is being produced at a price which makes it altogether the cheapest thing in the world.

Now as to the remedies: First, I am going to say that I have very little faith in the restriction of production. Cooperative marketing has been widely hailed as our salvation, and it has been entered into with tremendous enthusiasm. I am a member of a couple of cooperative associations, but I confess that I have hardly been able to share in all the rosy hopes of their promoters. Cooperative marketing which renders real service by trading, guaranteeing and distributing wisely to the best markets, has a sound foundation on which to stand; but cooperation which dreams of a restricted output and monopoly price and thus the exploitation of markets, is doomed to failure from the beginning.

Inefficacy of Tariff

GOVERNMENT with the very best of intentions has offered the farmer the boon of a protective tariff. I do not wish for a moment to engage in any discussion of what seems still to be a partisan question, but I do not see that a tariff has any particular bearing upon products of surplus production, cereals and cotton and most meat products.

The very greatest thing that can possibly be done for the farmer would be a rehabilitation of Europe and a restoration of her former purchasing power. If any generous gesture on the part of America can bring this to pass (and incidentally add to the none-too-abundant stock of international amity and goodwill) it will be worth infinitely more than any success we may possibly achieve as a mere bill-collector.

There is at least one thing that Government might do. Whatever else is done, mere common intelligence would dictate that all public schemes of reclamation by either irrigation or drainage be held in abeyance, and every effort made to discourage the beginnings of new agricultural ventures. About the last thing we need just at present is more agricultural land.

Without question too large a proportion of our income is taken for taxes, and tax experts agree that the farmer holding property which is tangible and visible to all men pays an unfair share of public imposts. Add to this the fact that farm property has experienced a most drastic decline within the past few years, and yet this fact is almost never recognized either in his valuation or the rate.

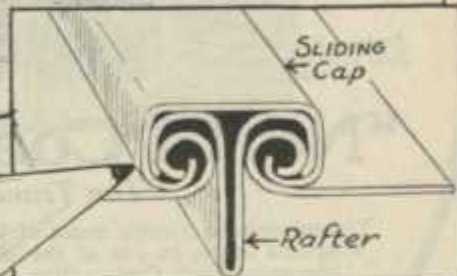
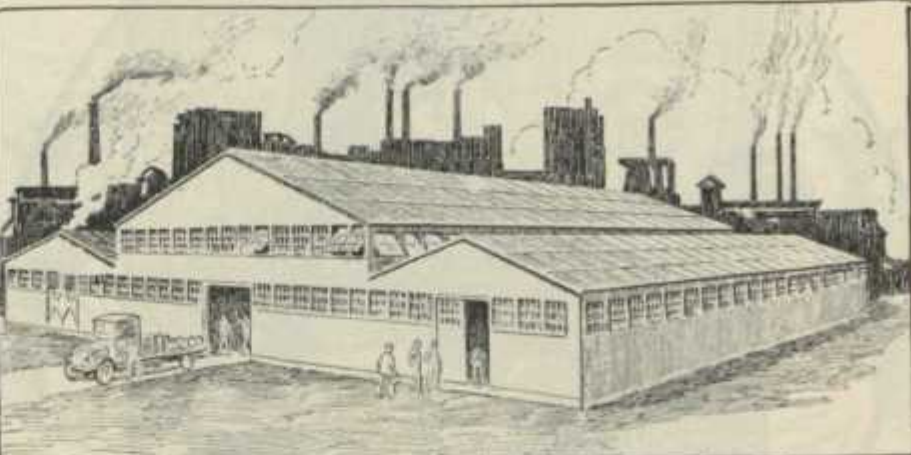
I am inclined to believe that this matter of excessive taxation is about the one real, genuine, and unimpeachable grievance that the farmer suffers.

Here, then, is the viewpoint of an eastern farmer, representing no organization, speaking for no particular group or interest.

And now for the corn belt, out of which has come an overshadowing issue in this notable 69th Congress. Professor F. L. Garlock, of the Agricultural Economic section, Iowa State College, Ames, presented to the group meeting a careful analysis of what lies behind the situation in that great area, and what may lie ahead. This is part of

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NATION'S BUSINESS

Washington, D. C.

his discussion of remedies for the situation there existing:

There are a number of specific developments which may affect the future of the corn belt.

First, and of greatest certainty, is the probability that the population of the world will continue to grow, increasing the needs and consequently the demand for agricultural products, with the result that agricultural prices will rise.

Second, is the improved standardization and greater popularization of corn-belt products.

Third, there is a possibility, however remote, that greater industries will be attracted to the Mid-West, bringing about a greater concentration of population in mid-western cities, thus increasing the local markets for corn-belt products.

Fourth, the reduction or abolition of protective duties, and the admission of foreign manufactured products on a competitive basis to this country, would undoubtedly lower many items of expense to the corn-belt farmer and enable his income to go somewhat farther in the purchase of many types of manufactured products.

Fifth, there is the further possibility that additional government aid may be given to agriculture.

Sixth, as an alternative to any or all these suggested means of legislative relief, such as reduction of the tariff or the granting of government aid, the corn-belt farmer may have to work out of the present situation by making such internal adjustments as are possible.

Little consolation, however, is afforded by this outlook to the corn-belt farmer, whose income has dwindled, whose land has depreciated in value, and who is oppressed with debt and other sources of heavy expense. Being unable by his individual efforts to work out of the dilemma, and facing ruin if he has to wait for the improvements of the distant future, he has turned to the Government for aid.

Shall We Aid Farmers?

JUST what attitude shall be taken with respect to these demands? If government aid is not given at once, many corn-belt farmers who might be saved are going to join the ranks of those who are ruined. Shall we save them or not? I do not believe a person could be found who would not sympathize with many corn-belt farmers in their present predicament. But put in a different way, the question has another complexion. Is it feasible to sustain the corn belt on the basis of inflated conditions since times have changed? In still another form, what is our national policy, or do we have one, with respect to afflicted industries?

There was a large group of vitally interested listeners to these addresses. The reaction to Mr. Van Wagenen's remarks was manifested in an outburst of applause. The illuminating facts which, supported by a series of large graphs, were brought out by Professor Garlock, stimulated a great amount of discussion. Particularly was this discussion directed at the much-mooted question of the effect of the tariff on prices for agricultural products and the effect of the tariff on prices of manufactured products as well as upon the purchasing power of the farmers' best customers. It was not to be thought that these questions would be settled, as indeed they were not, at a group session lasting only three hours.

From the heart of the Mississippi Delta came W. M. Garrard, General Manager of the Staple Cotton Growers Cooperative Association, Greenwood, Mississippi. He brought with him a definition of cooperative marketing, an interpretation of its benefits, a declaration as to its limitations; and he spoke not in the voice of either layman or student. Said he, in part:

Cooperative marketing means cooperative

selling to the best advantage and is in direct conflict with an organized holding movement. There is little doubt that many producers in the beginning of the movement cherished the idea that it was necessary to sign up only a majority of the growers and then through an assumed control of quantity produced, prices could be dictated. An assumption of this character was eagerly accepted by many growers. It is also true that many of the leaders in the cooperative-marketing movement have accepted and held fast to this false assumption.

There seem to be two pretty well defined classes of individuals in their thinking on this subject. One group believes that ultimate success depends upon commodity control. Probably those who hold this belief are in the majority. Another group is equally as certain that no permanent success can be assured if success is based solely on the control idea. This latter group holds to the theory that only through a superior service in marketing, both to producer and consumer, can any permanent success be attained—in fact, that service is the only sure road to success.

We cannot lay too much stress upon the principles involved in the two schools of thought outlined above. One is based upon the principle of autocracy—might makes right. History teaches us that this principle has never met with ultimate success.

Fire Waste Contest

"WITH an annual fire destruction of from eight to fifteen thousand lives and more than \$500,000,000 in property, America has the unenviable distinction of providing the world's largest ash heap. When it is considered that at least half of the lives and property thus lost might readily be saved through the adoption of precautionary measures, the true importance of the fire-waste problem becomes evident. The price of fire prevention is carefulness."

Clifford Walker, Governor of Georgia, made this statement as a preface to his address in the course of which he presented the awards to the winners of the 1925 Inter-Chamber Fire Waste Contest. The organizations having the best records in the various classes according to size were the chambers of commerce of Portland, Oregon; Long Beach, California; Battle Creek, Michigan, and Albany, Georgia. The Albany Chamber was the grand winner of the contest by virtue of having the best record of all cities in the contest regardless of size.

Fire a National Menace

ALTHOUGH recognizing the fire waste situation as a national problem, Governor Walker stated that it was really a local problem in that each community should take steps to reduce its local fire loss to life and property. He pointed out the reasons why every member of every chamber of commerce and trade association in the country should be interested in fire prevention. "First," said Governor Walker, "as a citizen he wants to safeguard not only the lives of his own family and himself, but also those of his fellow townsmen. Second, as a business man, he realizes the effect fire waste has upon his economic existence."

The speaker outlined the history of the fire prevention movement which is being sponsored jointly by the National Fire Waste Council and the Insurance Department of the Chamber of Commerce of the United States, paying tribute to the Council which was organized for the purpose of providing business men with the technical assistance and stimulation necessary to insure success in fire prevention. In 1923 the Inter-Chamber Fire Waste Contest was initiated as a



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means whereby additional interest could be aroused and local fire prevention programs placed on an equal plane in communities throughout the country. Governor Walker said, "Just as there is natural rivalry between communities in growth, civic beauty and economic development, the contest was aimed to create rivalry in fire prevention effort. The movement was a success almost over night. We now find cities enrolled in the contest in 46 states and the District of Columbia. Even two cities of Alaska are registered.

Contest Winners Honored

"TODAY we honor the chambers of commerce which were selected by the Board of Judges as winners of the 1925 contest. While only four communities receive awards, every one of the 221 cities representing a combined population of 20,000,000 which submitted reports received a far greater tribute in the satisfaction of knowing that coincident with their combined efforts, there has been a saving in life and property. Seventy per cent of these cities reported a reduction in the number of persons killed by fire as compared with their average for the preceding five years or else had no life loss at all from this cause; 72.2 per cent decreased the number of persons injured or experienced no injuries; 56.4 per cent of the cities had a decrease in property loss. 1925 was a year of progress in the Inter-Chamber Fire Waste Contest."

Governor Walker then presented appropriate bronze plaques bordered with sterling silver to delegations from the four winning cities. Brief responses were made by John A. Davis for the Albany Chamber of Commerce, H. N. Lawrie for the Portland Chamber, J. David Larson for the Long Beach Chamber and John I. Gibson for the Battle Creek Chamber of Commerce. After the presentation had been made, Governor Walker concluded his address by an appeal to his audience to see that balanced fire prevention committees were organized in their own communities and continuous activities undertaken. He told the delegates that America's future progress in fire prevention rests largely with its business men.

Nacos Dinner

THE National Association of Commercial Organization Secretaries held an informal dinner in the small ballroom of the New Willard Hotel on Tuesday, May eleventh. Raymond B. Gibbs, president of NACOS, presided at this dinner of 225 secretaries. F. Roger Miller of Asheville, N. C., president of the Board of Managers of the National School for Commercial and Trade Organization Executives, spoke on the school to be held this summer at Northwestern University. This is the sixth annual session of this school whose purpose is to enlarge the range of activities of secretaries and to make them more effective in their work. The establishment of this school gave warning that the day of the mere back slapper secretary was passing.

President O'Leary, of the Chamber of Commerce of the United States, gave a very interesting and inspiring speech. J. B. Reynolds, first vice-president of NACOS and chairman of the program committee, spoke on the Pittsburgh meeting to be held in November. There were also brief reports by the secretary and treasurer, the editor of *Nacos News*, and by other members on different activities.

Golf Tournament Prizes Awarded

AN INNOVATION at the Annual Meeting was the inauguration of an Annual Chamber of Commerce Golf Tournament. Through the courtesy of the Columbia Country Club and the Burning Tree Club both of these courses were made available for the tournament on Thursday afternoon, May 13.

President O'Leary presented a beautiful silver replica of the famous Paul Revere Bowl as the President's prize for the lowest score. This was won by Mr. John H. Uhl, National Councillor for the Greater Wilkes-Barre Chamber of Commerce, Wilkes-Barre, Pennsylvania, gross score 85.

The NATION'S BUSINESS presented a silver pitcher as the prize for the lowest net score. Honorable Frederick H. Gillett, United States Senator from Massachusetts, and National Councillor for the Springfield, Massachusetts, Chamber of Commerce, won the pitcher, net score 70. Other scores:

PRESIDENTS' CLASS: Mr. Ernest C. Scobell, Rochester, N. Y.; President of the Empire State Gas & Electric Association. Net score, 89.

NATIONAL COUNCILLORS' CLASS: Mr. Edward B. Raub, Indianapolis, Indiana; National Councillor for the Indianapolis Board of Trade. Net score, 74.

SECRETARIES' CLASS: Mr. Harold B. Woodlief, Secretary, Americus, Georgia Chamber of Commerce. Net score, 72.

DELEGATES' CLASS: Mr. W. E. Flickinger, Cleveland, Ohio; delegate for the Fire Insurance Club of Cleveland. Net score, 80.

Prizes for the low net score for all entrants from the four geographical divisions went to the following winners:

EASTERN: Mr. George E. Foss, Harrisburg, Pennsylvania, General Secretary, Pennsylvania State Chamber of Commerce. Net score, 74.

NORTHERN CENTRAL: Mr. William J. Dean, Director, Chamber of Commerce of the United States; President, Nicholas, Dean and Gregg, St. Paul, Minnesota. Net score, 74.

SOUTHERN CENTRAL: Mr. George H. Bird, Delegate for the Dallas, Texas Chamber of Commerce. Net score, 89.

WESTERN: Mr. F. C. Richmond, Salt Lake City, Utah. Delegate for the Provo, Utah Chamber of Commerce. Net score, 78.



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Trade Executives Dine

THE mid-year meeting dinner of the American Trade Association Executives was held at the Mayflower Hotel in the Chinese room. There were about sixty of the one hundred and sixty members of the association present who discussed the problems confronting the trade association executive. The discussion was in the form of a question box, there being no prepared speeches. The Executive Committee of the Association is composed of William B. Baker of the Sanitary Woodwork Manufacturers, Fletcher D. Dodge of the Toy Manufacturers of the U. S. A., Frederic W. Donahoe of the Bearing Metals Manufacturers Association, Montie L. Heminway of the Motor and Accessory Manufacturers Association, Royal S. Kellogg of the News Print Service Bureau, Richard M. McClure of the Wire Pound Box Manufacturers Association, Oscar L. Moore of the Sales Book Manufacturers Association, Margaret Hayden Rorke of the Textile Color Card Association of the U. S., Inc., and Thomas W. Vinson of the National School Supply Association, Inc.



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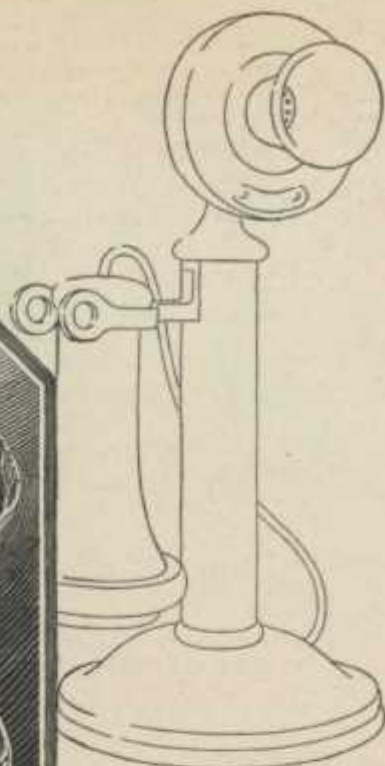
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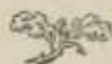


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Then he heard the call of America, this great land of freedom and opportunity; and, like millions of other sturdy sons of Europe, he came here to work out his destiny. He pursued his education still further, working by day and studying by night, until he acquired an education that would do credit to the majority of college graduates.

Perhaps one of the most striking things about him was the fact that he became one of the finest Americans. He learned every word of our Constitution. He learned every word of every verse of America and the Star Spangled Banner; and, until old age laid its heavy hand upon him, he could sing those songs with a zeal that was good to see.

He became a full citizen at the first opportunity under our law, and to him it was a sacred day when he raised his right hand and



JOHN DAVEY, Father of Tree Surgery, "Do it right or not at all"

forswore allegiance to the British crown and swore allegiance to the Constitution and the flag of America. And always, during his fifty years of life in his adopted country whenever he passed by Old Glory, he would tip his hat in veneration.

John Davey saw with eyes of understanding the appalling neglect and butchery of America's trees, and he set out to find a way—a systematic, scientific way—to save them, little dreaming that a great business would be developed on the science that his love and genius created. And thus came into being the wonderful profession of Tree Surgery.

His first book, *The Tree Doctor*, was published in 1901, and then began the gradual development of The Davey Tree Expert Company, incorporated in 1909, doing a business

of nearly \$2,000,000 in 1925, and now having in the field nearly 700 master Tree Surgeons, all carefully selected, thoroughly trained, properly disciplined, and regularly supervised, and giving superior service to the tree owners of America. For twenty years the business of this institution has been managed by his son, Martin L. Davey, whose highest aim has been to perpetuate the ideals and philosophy of his pioneer father.

John Davey, though not now living, still lives in the spirit and purpose of the magnificent service that he rendered his adopted country—he taught the American people to think in terms of the living tree. Greater even than his creation of the invaluable science of Tree Surgery is his contribution as the apostle of the tree as a living thing.

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